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# 5G Networks Limited

And Its Controlled Entities

## CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

ABN 21 073 716 793



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# APPENDIX 4D AND INTERIM FINANCIAL REPORT

## – 31 DECEMBER 2024

### 1. COMPANY INFORMATION

**Name of entity:** 5G Networks Limited

**ABN:** 21 073 716 793

**Reporting period:** 6 months ended 31 December 2024 (Comparative period – 6 months ended 31 December 2023)

### 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31-Dec-24			31-Dec-23
	6 months \$'000	Movement \$'000	Movement %	6 months \$'000
Revenue from ordinary activities and continuing operations	26,499	4,058	18.1%	22,441
Underlying earnings before interest, tax, depreciation and amortisation from continuing operations	979	2,929	150%	(1,950)
Profit / (Loss) after tax from continuing operations	6,328	20,577	144.4%	(14,249)
Profit after tax from discontinued operations	-	(75,010)	(100%)	75,010
Profit after tax attributable to members of the parent	6,328	(54,433)	(89.6%)	60,761

1. The Group believes this unaudited non-IFRS information is relevant to the user's understanding of the Group's underlying performance.

#### COMMENTARY

The key strategic and financial growth highlights for the half-year ended 31 December 2024 were as follows:

- Strong cash position of \$58 million at 31 December 2024.
- Revenue and other income from continuing operations of \$28.1 million, representing growth of 15% compared to the prior comparative period (PCP).
- Revenue growth was experienced in all key segments, Cloud 20.5%, Data Centre 53% and Managed services 43% assisted by the Security Shift Acquisition.
- EBITDA from normal operations of \$0.979m an increase of 150% on the PCP
- Appointment of Mr Hugh Robertson to the Board of 5GN.

#### REVIEW OF OPERATIONS AND FINANCIAL RESULTS

A review of the continuing operations of the Group during the period and the results of those operations found that the revenue and other income for the period was \$28.1 million, representing growth of 15% compared to the prior comparative period of \$24.3 million. Revenue of \$26.5 million for the period was 18% higher than the prior comparative period of \$22.4 million due to a growth in Cloud, Data Centres, and Managed Services revenue, Hardware & Software and Networks where flat while the Digital Marketing revenue being excluded as the business was sold on the 30th June 2024. Other Income of \$1.59 million for the period was lower as the previous period included sale of IP assets during the period.

The underlying EBITDA of the Group for the period of \$0.979m was a 150% improvement compared to the prior comparative period of (\$1.95) million, predominantly due the increased revenue in all high margin revenue lines and a reduction in operating costs specifically labour costs.

The profit of the Group for the period after providing for income tax amounted to \$6.3 million (2023: \$61 million), a significant improvement compared to the prior comparative period due to the gain on sale of the Domains Business in December 2023.

#### Uncertain tax position

During the half year ended 31 December 2024, the Group resolved an uncertain tax position related to tax losses from prior years. The uncertainty was resolved following additional research undertaken during the period which confirmed that losses were highly likely to be available to offset against a capital gain. Accordingly, the Group has reduced the income tax provision by \$10.06 million to \$4.2 million. This has been recorded as a credit to income tax expense during the period.

# APPENDIX 4D AND INTERIM FINANCIAL REPORT

## – 31 DECEMBER 2024

### SALE OF 5GN BUSINESS AND CAPITAL RETURN

On 27 June 2024, the Company announced that it has entered into sale agreements with entities associated with its Managing Director Mr Joe Demase for the sale of its primary operating subsidiaries (**Sale Agreements**). In conjunction with the sale, the Company proposed a 15 cents per share capital return to its shareholders.

On 27 November 2024, the Company announced that the proposed sale and capital return would not proceed and that the Sale Agreements has been terminated by agreement between the Company and the entities associated with Mr Joe Demase.

### ON-MARKET TAKEOVER OF AUCYBER LIMITED

On 17 December 2024, the Group announced that it held 10.74% of the ordinary shares in AuCyber Limited (ASX: CYB) (**AuCyber**) and launched an on-market takeover bid (**Takeover Bid**) for AuCyber at an offer price of 11 cents per share.

## 3. DIVIDENDS

There were no dividends declared or paid during the half-year ended 31 December 2024.

## 4. NET TANGIBLE ASSET BACKING

	Current Period	Previous Period
Net tangible asset backing per ordinary security	16.08 cents	17.76 cents

Net tangible assets are calculated firstly from the Group's net assets at 31 December 2024 of \$58.8 million and adjusted for \$6.3 million of right-of-use lease assets and \$2.9 million of intangible assets associated with the Group's previous acquisitions.

## 5. EARNINGS PER SHARE

	31-Dec-24 6 months cents	31-Dec-23 6 months cents
<b>From continuing operations</b>		
Basic profit/(loss) per share	2.05	(4.31)
Diluted profit/(loss) per share	1.91	(4.31)
<b>Attributable to members of the parent</b>		
Basic profit/(loss) per share	2.28	18.39
Diluted profit/(loss) per share	2.12	18.39
<b>Reconciliation of earnings used in calculating earnings per share</b>	<b>\$'000</b>	<b>\$'000</b>
Profit/(Loss) for the period from continuing operations	6,328	(14,249)
Profit from discontinued operation	-	75,010
Comprehensive income	702	-
<b>Profit for the period attributable to members of the parent</b>	<b>7,030</b>	<b>60,761</b>
<b>Weighted average number of shares used in calculating earnings per share</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
Number for basic earnings per share - ordinary shares	308,037,350	330,436,555
Number for diluted earnings per share - ordinary shares	331,231,806	330,436,555

## APPENDIX 4D AND INTERIM FINANCIAL REPORT – 31 DECEMBER 2024

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Basic EPS amounts are calculated by dividing net loss for the period 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 period 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.

### 6. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST

As of 31 December 2024, the company had 10% shares of AUCyber Limited and on 3 February 2025 the Company gained control of AUCyber Limited (ASX: CYB) after obtaining 50.71% of the ordinary shares of AUCyber pursuant to the Takeover Bid. Shortly after Mr Hugh Roberston and Mr Joseph Demase were appointed to the Board of AUCyber. The Takeover Bid closed on 17 February 2025 at which time the Group held 89.68% of the ordinary shares in AUCyber. The Group continues to hold 146,692,024 of the ordinary shares in AUCyber at the date of this report.

### 7. REVIEW OF ACCOUNTS

This report is based on the interim financial reports which have been reviewed by the Group's auditors with the Independent Auditor's Review Report included in the Interim Financial Report.

Signed



Mr Joe Demase  
Managing Director  
Melbourne  
27 February 2025

# CORPORATE INFORMATION

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## DIRECTORS

Hugh Robertson (Non-Executive Chairman)  
Joseph Demase (Managing Director)  
Natalie Mactier (Non-Executive Director)  
Jason Ashton (Non-Executive Director)

## COMPANY SECRETARY

Michael Wilton

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 7, 505 Little Collins Street  
Melbourne, VIC, 3000  
Tel: 1300 10 11 12

## COMPANY NUMBER

ACN 073 716 793

## COUNTRY OF INCORPORATION

Australia

## ASX CODE

5GN

## COMPANY DOMICILE AND LEGAL FORM

5G Networks Limited is the parent entity  
and an Australian Company limited by shares

## LEGAL ADVISERS

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

## SHARE REGISTER

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

<https://www.5gnetworks.au>

# DIRECTORS' REPORT

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The Directors present their report, together with the consolidated interim financial report, of the consolidated entity (referred to hereafter as the 'Group') consisting of 5G Networks Limited (referred to hereafter as "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

## DIRECTORS DETAILS

The following persons were Directors of the Company during the period and up to the date of this report, unless otherwise stated:

- Hugh Robertson (Non-Executive Chairman from 28 November 2024)
- Joseph Demase (Managing Director)
- Natalie Mactier (Non-Executive Director, Interim Chair from 13 August 2024 to 28 November 2024)
- Jason Ashton (Non-Executive Director)
- Joseph Gangi (Non-Executive Chairman until 13 August 2024)

## PRINCIPAL ACTIVITIES

The Group's principal activities during the period were:

- the supply of cloud-based solutions, managed services and network services
- the operation of fibre and infrastructure and management of cloud computing environment; and
- the operation of data centre facilities.

There have been no significant changes in the nature of the Company's activities.

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS

A review of the continuing operations of the Group during the period and the results of those operations found that the revenue and other income for the period was \$28.1 million, representing growth of 15% compared to the prior comparative period of \$24.3 million. Revenue of \$26.5 million for the period was 18% higher than the prior comparative period of \$22.4 million due to a growth in Cloud, Data Centres, and Managed Services revenue, Hardware & Software and Networks where flat while the Digital Marketing revenue being excluded as the business was sold on the 30th June 2024. Other Income of \$1.59 million for the period was lower as the previous period included sale of IP assets during the period.

The underlying EBITDA of the Group for the period of \$0.979m was a 150% improvement compared to the prior comparative period of (\$1.95) million, predominantly due the reduction in operating costs and decrease in other income.

The profit of the Group for the period after providing for income tax amounted to \$6.3 million (2023:\$61 million), a decrease compared to the prior comparative period due to the gain on sale of the Domains Business in December 2023.

The key strategic and financial highlights for the half-year ended 31 December 2024 were as follows:

- Strong cash position of \$58 million at 31 December 2024.
- Revenue and other income from continuing operations of \$28.1 million, representing growth of 15% compared to the prior comparative period (PCP).
- Revenue growth was experienced in all key segments, Cloud 20.5%, Data Centre 53% and Managed services 43% assisted by the Security Shift Acquisition.
- EBITDA from normal operations of \$0.979m representing an increase of 150% on the PCP
- Appointment of Mr Hugh Robertson to the Board of 5GN.

### Uncertain tax position

During the half year ended 31 December 2024, the Group resolved an uncertain tax position related to tax losses from prior years. The uncertainty was resolved following additional research undertaken during the period which confirmed that losses were highly likely to be available to offset against a capital gain. Accordingly, the Group has reduced the income tax provision by \$10.06 million to \$4.2 million. This has been recorded as a credit to income tax expense during the period.

# DIRECTORS' REPORT

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## SALE OF 5GN BUSINESS AND CAPITAL RETURN

On 27 June 2024, the Company announced that it has entered into sale agreements with entities associated with its Managing Director Mr Joe Demase for the sale of its primary operating subsidiaries (**Sale Agreements**). In conjunction with the sale, the Company proposed a 15 cents per share capital return to its shareholders.

On 27 November 2024, the Company announced that the proposed sale and capital return would not proceed and that the Sale Agreements have been terminated by agreement between the Company and the entities associated with Mr Joe Demase.

## ON-MARKET TAKEOVER OF AUCYBER LIMITED

As of 31 December 2024, the company had 10% shares of AUCyber Limited and post year on 3 February 2025 the Company gained control of AUCyber Limited (ASX: CYB) after obtaining 50.71% of the ordinary shares of AUCyber pursuant to the Takeover Bid.

## CAPITAL STRUCTURE

During the period, 9,250,000 options were issued under Company's Executive Equity Plan, and 4,500,000 options were cancelled under the Company's Executive and Director Share Option Plan.

On 11 September 2024 the Company successfully completed an on-market share buyback, acquiring 33,405,122 ordinary shares representing 10% of issued capital for total consideration of \$4.99 million. All shares acquired were cancelled by 13 September 2024.

On 2 December 2024 the Company announced the launch of an on-market share buyback to acquire up to 100 million of the Company's ordinary shares, representing 32.8% of the Company's issued capital at the time of the announcement. The Company has not acquired any shares on-market during the period. The on-market buyback was approved by the Company's shareholders at its 2024 Annual General Meeting.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the half-year ended 31 December 2024 other than those matters noted in the Review of Operations.

## EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

The Group gained control of AUCyber on 3 February 2025 when it acquired 50.71% of the shares in AUCyber under the Takeover Bid. Shortly after Mr Hugh Roberston and Mr Joseph Demase were appointed to the Board of AUCyber. The total consideration paid as at the date of control was \$9.1 million. The Takeover Bid closed on 17 February 2025 at which time the Group held 89.68% of the ordinary shares in AUCyber. The Group continues to hold 146,692,024 of the ordinary shares in AUCyber at the date of this report. The strategic rationale for the acquisition of AUCyber is to strengthen the Group's cyber security service and product offerings and complement the Group's Security Shift business.



## DIRECTORS' REPORT

The Group will consolidate the financial performance and position of AUCyber as a business combination as the acquisition satisfies the requirements under Accounting Standard AASB 3: Business Combinations. The Group has not yet undertaken the purchase price allocation process, including the identification of any intangible assets, given the short amount of time since control was gained by the Group over AUCyber. The indicative assets and liabilities acquired are summarised in the table below:

	31-Dec-2024 \$'000
<b>AUCyber Limited</b>	
Cash	5,030
Receivables	3,403
Other current assets	997
Property, plant & equipment	5,658
Intangible assets	13,353
Right of use lease assets	4,895
Other non-current assets	67
Payables	(3,281)
Current lease liabilities	(1,580)
Current provisions	(1,123)
Non-current lease liabilities	(3,660)
Non-current provisions	(165)
<b>Net assets</b>	<b>23,594</b>

No other matter or circumstances have arising since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### DIVIDENDS

There were no dividends declared or paid during the half-year ended 31 December 2024 (2023: nil).

### ROUNDING OF AMOUNTS

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

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10 and forms part of this Directors' Report.

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



Hugh Robertson  
Chairman  
Melbourne  
27 February 2025

# AUDITOR'S INDEPENDENCE DECLARATION



Grant Thornton

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**Grant Thornton Audit Pty Ltd**

Level 22 Tower 5  
Collins Square  
727 Collins Street  
Melbourne VIC 3008  
GPO Box 4736  
Melbourne VIC 3001  
T +61 3 8320 2222

## Auditor's Independence Declaration

To the Directors of 5G Networks Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of 5G Networks Limited for the half-year ended 31 December 2024. 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

*Grant Thornton*

Grant Thornton Audit Pty Ltd  
Chartered Accountants

*M J Climpson*

M J Climpson  
Partner – Audit & Assurance

Melbourne, 27 February 2025

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# 5G Networks Limited

And Its Controlled Entities

## CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

ABN 21 073 716 793



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Notes	31-Dec-24 6 months \$000	31-Dec-23 6 months \$000
<b>CONTINUING OPERATIONS</b>			
Revenue	5	26,499	22,441
Other income		1,570	1,940
<b>Revenue and other income</b>		<b>28,069</b>	<b>24,381</b>
Network and data centre costs		(9,339)	(8,752)
Cloud and hosting costs		(1,798)	(1,690)
External Labour Cost		(206)	-
Other direct costs		(2,895)	(3,397)
Rent and office expenses		(630)	(118)
Marketing and travel expenses		(196)	(573)
Employee benefits expenses		(8,901)	(11,046)
Other expenses		(1,838)	(755)
Loss on remeasurement of assets held for sale	17	(3,339)	-
Share-based payment expenses		(977)	(496)
Restructuring costs		(589)	(6,801)
Depreciation expenses		(557)	(3,476)
Amortisation expenses		(111)	(260)
Finance costs		(428)	(2,019)
<b>Total expenses</b>		<b>(31,804)</b>	<b>(39,383)</b>
<b>Loss before income tax</b>		<b>(3,735)</b>	<b>(15,002)</b>
Income tax (expense)/benefit	7	10,063	753
<b>Profit after tax from continuing operations</b>		<b>6,328</b>	<b>(14,249)</b>
<b>DISCONTINUED OPERATION</b>			
Profit from discontinued operation, net of tax		-	75,010
<b>Profit / (Loss) after tax for the period from discontinued operation</b>		<b>6,328</b>	<b>75,010</b>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that will be reclassified to profit or loss in subsequent periods:</i>			
Currency translation differences		-	-
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Change in fair value of equity instruments designed at fair value through other comprehensive income	13	702	-
<b>Other comprehensive income for the period, net of tax</b>		<b>702</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>7,030</b>	<b>60,761</b>
<b>Profit / (Loss) for the period attributable to:</b>			
Members of the parent		6,328	60,761
Non-controlling interests		-	-
<b>Total comprehensive income for the period attributable to:</b>		<b>6,328</b>	<b>60,761</b>
Members of the parent		7,030	60,761
Non-controlling interests		-	-
<b>Total comprehensive income attributable to:</b>		<b>7,030</b>	<b>60,761</b>
Continuing operations		7,030	(14,249)
Discontinued operations		-	75,010
<b>Loss per share from continuing operations (cents per share):</b>			
Basic loss per share	6	2.05	(4.31)
Diluted loss per share	6	1.91	(4.31)
<b>Profit/(Loss) per share attributable to the members of the parent (cents per share):</b>			
Basic profit/(loss) per share	6	2.28	18.39
Diluted profit/(loss) per share	6	2.12	18.39

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	31-Dec-24 \$'000	30-Jun-24 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	54,937	64,986
Restricted cash	8	2,925	2,925
Trade and other receivables		4,321	522
Contract assets		660	-
Other assets		3,792	871
		<b>66,635</b>	<b>69,304</b>
Assets classified as held for sale	17	-	31,277
<b>Total Current Assets</b>		<b>66,635</b>	<b>100,581</b>
<b>Non-current assets</b>			
Plant and equipment	9	10,293	-
Right-of-use assets	10	6,345	-
Goodwill	11	-	-
Intangible assets	12	2,887	-
Investments	13	3,364	725
Other assets		-	426
<b>Total Non-Current Assets</b>		<b>22,889</b>	<b>1,151</b>
<b>TOTAL ASSETS</b>		<b>89,524</b>	<b>101,732</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		7,505	5,024
Lease liability	10	3,363	-
Employee benefits		2,012	-
Provision for income tax	7	4,441	14,352
Contract liabilities		444	-
Other liabilities		986	-
Other financial liabilities		1,912	-
		<b>20,663</b>	<b>19,376</b>
Liabilities directly related to assets classified as held for sale	17	-	29,751
<b>Total Current Liabilities</b>		<b>20,663</b>	<b>49,127</b>
<b>Non-current liabilities</b>			
Lease liability	10	9,755	-
Employee benefits		338	-
<b>Total Non-Current Liabilities</b>		<b>10,093</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>30,756</b>	<b>49,127</b>
<b>NET ASSETS</b>		<b>58,768</b>	<b>52,605</b>
<b>EQUITY</b>			
Share capital	18	196,448	198,292
Reserves	19	(128,375)	(130,054)
Accumulated Losses		(9,305)	(15,633)
<b>TOTAL EQUITY</b>		<b>58,768</b>	<b>52,605</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Share Capital	Reserves	Accumulated Losses	Total equity attributable to owners of the Company	Total Equity
	\$000	\$000	\$000	\$000	\$000
<b>As at 1 July 2024</b>	<b>198,292</b>	<b>(130,054)</b>	<b>(15,633)</b>	<b>52,605</b>	<b>52,605</b>
Profit for the period	-	-	6,328	6,328	6,328
Other comprehensive income	-	702	-	702	702
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>702</b>	<b>6,328</b>	<b>7,030</b>	<b>7,030</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share cancellation – on-market share buyback	(1,844)	-	-	(1,844)	(1,844)
Share based compensation	-	977	-	977	977
<b>As at 31 December 2024</b>	<b>196,448</b>	<b>(128,375)</b>	<b>(9,305)</b>	<b>58,768</b>	<b>58,768</b>
<b>As at 1 July 2023</b>	<b>200,521</b>	<b>(132,049)</b>	<b>(58,202)</b>	<b>10,270</b>	<b>10,270</b>
Profit for the period	-	-	60,761	60,761	60,761
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>200,521</b>	<b>(132,049)</b>	<b>2,559</b>	<b>71,031</b>	<b>71,031</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued – exercise of options	125	-	-	125	125
Share issue costs	(8)	-	-	(8)	(8)
Share based compensation	-	966	-	966	966
<b>As at 31 December 2023</b>	<b>200,638</b>	<b>(131,083)</b>	<b>2,559</b>	<b>72,114</b>	<b>72,114</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Notes	31-Dec-24 6 months \$'000	31-Dec-23 6 months \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt from customers		28,738	52,489
Payments to suppliers and employees		(31,141)	(53,854)
Interest received		1,415	5
Interest paid		(11)	(1,153)
Transaction and restructuring costs		(833)	(7,383)
<b>Net cash flows from operating activities</b>		<b>(1,832)</b>	<b>(9,896)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of Domains Business		-	107,420
Purchase of property, plant and equipment		(3,257)	(1,099)
Payment for acquisition of New Domain Services		-	(1,500)
Increase in pledged bank deposits		-	(4,750)
Proceeds from sale of property, plant and equipment		5	1,576
Payment for investment in AUCyber Limited	13	(1,936)	-
<b>NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(5,188)</b>	<b>101,647</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares on exercise of options		-	135
Proceeds from borrowings		-	500
Payments in relation to on-market share buyback	18	(4,556)	-
Repayment of borrowings		-	(28,498)
Payment of security deposit		(850)	-
Payment of equity transaction cost		(50)	-
Payment of lease liabilities		(916)	(2,009)
<b>NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>(6,372)</b>	<b>(29,872)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(13,392)</b>	<b>61,879</b>
<b>LESS: CASH RECLASSIFIED FROM ASSETS HELD FOR SALE</b>	17	<b>3,336</b>	<b>-</b>
Cash and cash equivalents at beginning of period		64,986	4,498
Net foreign exchange differences		7	(37)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>8</b>	<b>54,937</b>	<b>66,340</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The consolidated financial statements of 5G Networks Limited ('the Company' or '5GN') and its subsidiaries (collectively, 'the Group') for the half-year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 27 February 2024.

5G Networks 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. The nature of the operations and principal activities of the Group are described in the Directors' Report.

## OPERATIONS AND PRINCIPAL ACTIVITY

The principal activities of the Group during the period are described below:

### Continuing operations

5GN provides the following services to enterprise and wholesale customers:

- the supply of cloud-based solutions, managed services and network services;
- the operation of fibre and infrastructure and management of cloud computing environment; and
- the operation of data centre facilities.

## 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, Victoria 3000.

## 2. BASIS OF PREPARATION

The Interim Financial Statements are for the half-year ended 31 December 2024 and are prepared in accordance with the *Corporations Act 2001*, applicable Accounting Standards, including AASB 134: *Interim Financial Reporting* and other mandatory professional reporting requirements. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134: *Interim Financial Reporting*.

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements for the year ended 30 June 2024, together with any public announcements made by the Company during the half-year ended 31 December 2024 in accordance with continuous disclosure requirements under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The Interim Financial Statements were authorised for issue, in accordance with a resolution of the Directors on 27 February 2024.

## GOING CONCERN

The financial report for the half-year ended 31 December 2024 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.

The Directors have 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.

## 3. MATERIAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent audited financial statements for the year ended 30 June 2024. No accounting policies have been adopted or amended since 30 June 2024.



# NOTES TO THE FINANCIAL STATEMENTS

## 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 judgement, estimates and assumptions applied in the interim financial statements are the same as those applied in the Group's last Annual Financial Report for the year ended 30 June 2024. 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. The resulting accounting judgements and estimates will seldom equal the related actual results.

## 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.

## 4. OPERATING SEGMENTS AND PRODUCT LINES

Management has identified the operating segments monitored by the Group's Chief Operating Decision Maker ("CODM") as being Enterprise and Wholesale:

- **Enterprise:** cloud hosting, data centre, networks and voice, IT managed services, hardware and software services provided to Enterprise and Government customers.
- **Wholesale:** cloud hosting, data centre and network products and services provided to wholesale telecommunications and Segment information is provided below in relation to these segments.

Segment information for continuing operations for the reporting period is as follows:

### (a) Adjusted EBITDA

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.

Interest income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

2024	Enterprise \$'000	Wholesale \$'000	Total \$'000
Segment revenue	19,530	6,969	26,499
Cost of goods sold	(10,878)	(3,360)	(14,238)
Gross margin	8,652	3,609	12,261
Other income	-	-	283
Rent and office expenses	(464)	(166)	(630)
Marketing and travel expenses	(144)	(52)	(196)
Employee benefits expenses	(8,085)	(816)	(8,901)
Other expenses	(1,355)	(483)	(1,838)
Total Adjusted EBITDA	(1,396)	2,092	979

## NOTES TO THE FINANCIAL STATEMENTS

2024	Enterprise \$'000	Wholesale \$'000	Total \$'000
Share-based payment expenses			(977)
Restructuring costs			(589)
Depreciation and amortisation expenses	(492)	(176)	(668)
Loss on remeasurement of assets held for sale			(3,339)
Finance income			1,287
Finance costs			(428)
<b>Loss before income tax expense</b>			<b>(3,735)</b>
<b>Total Segment assets</b>	<b>65,980</b>	<b>23,544</b>	<b>89,524</b>
<b>Total Segment liabilities</b>	<b>19,934</b>	<b>6,921</b>	<b>26,315</b>

2023	Enterprise \$'000	Wholesale \$'000	Total \$'000
<b>Segment revenue</b>	<b>18,336</b>	<b>4,105</b>	<b>22,441</b>
<b>Cost of goods sold</b>	<b>(11,190)</b>	<b>(2,649)</b>	<b>(13,839)</b>
<b>Gross margin</b>	<b>7,146</b>	<b>1,456</b>	<b>8,602</b>
Other income	1,940	-	1,940
Rent and office expenses	(96)	(22)	(118)
Marketing and travel expenses	(468)	(105)	(573)
Employee benefits expenses	(10,615)	(431)	(11,046)
Other expenses	(617)	(138)	(755)
<b>Total Adjusted EBITDA</b>	<b>(2,710)</b>	<b>760</b>	<b>(1,950)</b>
Share-based payment expenses			(496)
Restructuring costs			(6,801)
Depreciation and amortisation expenses	(3,476)	(260)	(3,736)
Finance costs			(2,019)
<b>Loss before income tax expense</b>			<b>(15,002)</b>
<b>Total Segment assets</b>	<b>101,064</b>	<b>21,737</b>	<b>122,801</b>
<b>Total Segment liabilities</b>	<b>24,947</b>	<b>5,585</b>	<b>30,532</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 5. REVENUE

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	31-Dec-24 6 months \$'000	31-Dec-23 6 months \$'000
<b>CONTINUING OPERATIONS</b>		
<b>Types of goods or service</b>		
Cloud	4,173	3,464
Data Centres	6,447	4,204
Networks	3,774	3,712
Managed Services	8,508	5,977
Digital Marketing	-	1,347
Hardware & Software	3,597	3,737
<b>Total revenue from contracts with customers</b>	<b>26,499</b>	<b>22,441</b>
<b>Timing of revenue recognition</b>		
Services transferred over time	22,902	18,704
Goods and services transferred at a point in time	3,597	3,737
<b>Total revenue from contracts with customers</b>	<b>26,499</b>	<b>22,441</b>

## 6. EARNINGS/(LOSS) PER SHARE

Basic EPS amounts are calculated by dividing net profit/(loss) for the period 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 period 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. The following represents the share data used in the EPS computations:

	Number of shares	
	31-Dec-24 Number	31-Dec-23 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	308,037,350	330,436,555
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	331,231,806	330,436,555

## NOTES TO THE FINANCIAL STATEMENTS

### 7. INCOME TAX

	Consolidated	
	Dec-24 6 months \$'000	Dec-23 6 months \$'000
<b>(a) INCOME TAX BENEFIT / (EXPENSE)</b>		
Loss from continuing operations before income tax expense	(3,735)	(15,002)
Profit from discontinued operation before income tax expense	-	95,245
<b>Profit before income tax expense</b>	<b>(3,735)</b>	<b>80,243</b>
Tax at the Group's statutory income tax rate of 30% (2023: 30%)	1,121	(24,073)
<b>Tax effect amounts which are non-assessable/(non-deductible in calculating taxable income:</b>		
Accounting and tax difference on sale of business	-	6,375
Other tax-exempt income	-	-
Expense on performance rights and options	(293)	(290)
Other non-deductible expenses	(5)	(8)
Net under/over	419	(1,626)
Movement in temporary differences relating to sale entities	-	(121)
Income tax overprovided in prior years	10,063	-
Unrecognised tax loss for the year	(1,242)	-
Derecognition of deferred tax assets	-	(2,985)
Utilisation of tax losses	-	3,246
<b>Actual tax benefit / (expense)</b>	<b>10,063</b>	<b>(19,482)</b>
<b>Tax expense comprises:</b>		
- Current tax	-	(14,056)
- Over provision from prior period	10,063	-
- Deferred tax - origination and reversal of temporary differences	-	(5,426)
<b>Aggregate Income tax (expense) / benefit</b>	<b>10,063</b>	<b>(19,482)</b>
<b>Income Tax (Expense) / Benefit reported in the Statement of Comprehensive Income:</b>		
- From continuing operations	10,063	753
- From discontinued operation	-	(20,235)
<b>Aggregate Income tax (expense) / benefit</b>	<b>10,063</b>	<b>(19,482)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### b. Deferred tax assets and liabilities

	Consolidated	
	Dec-24 \$'000	Jun-24 \$'000
<b>Deferred tax assets and liabilities are comprised of the following temporary differences:</b>		
Allowable section 40-880 deductions	423	541
Accrued expenses and provisions	1,819	1,860
Plant & equipment and leased assets	818	994
Lease liability	3,161	3,391
Tangible and intangible assets	(1,842)	(1,777)
ACA impact on depreciating asset	(56)	(71)
Brand and customer contract	(850)	(973)
Accrued income	(113)	(150)
<b>NET DEFERRED TAX ASSET</b>	<b>3,360</b>	<b>3,815</b>
Derecognition of Deferred Tax Asset	(3,360)	(3,815)
<b>Deferred Tax Asset</b>	<b>-</b>	<b>-</b>

### Uncertain tax position

During the half year ended 31 December 2024, the Group resolved an uncertain tax position related to tax losses from prior years. The uncertainty was resolved following additional research undertaken during the period which confirmed that losses were highly likely to be available to offset against a capital gain. Accordingly, the Group has reduced the income tax provision by \$10.06 million to \$4.2 million. This has been recorded as a credit to income tax expense during the period.

## 8. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Consolidated	
	31-Dec-24 \$'000	30-Jun-24 \$'000
Cash at bank and in hand including cash classified within current assets as held for sale	54,937	68,322
Less: Transfer to assets reclassified as held for sale	-	(3,336)
Cash and cash equivalents	54,937	64,986
Restricted cash	2,925	2,925
<b>Total cash and cash equivalents and restricted cash</b>	<b>57,862</b>	<b>67,911</b>

### Restricted cash

The restricted cash amounts of \$2.925 million (June 2024: \$2.925 million) are held as security for property lease bank guarantees held with Commonwealth Bank of Australia.

## 9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	31-Dec-24 \$'000	30-Jun-24 \$'000
Leasehold improvements	4,364	-
Less: Accumulated depreciation	(4,195)	-
	<b>169</b>	<b>-</b>
Plant and equipment	37,138	-
Less: Accumulated depreciation	(27,014)	-
	<b>10,124</b>	<b>-</b>
<b>Total Property, Plant and Equipment</b>	<b>10,293</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

The following table shows the movements in property, plant and equipment:

	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
<b>Gross carrying amount</b>			
At 1 July 2024	-	-	-
Additions	-	1,906	1,906
Disposals	-	(20)	(20)
Assets reclassified from/(to) held for sale	4,364	35,252	39,616
<b>Closing Value at 31 December 2024</b>	<b>4,364</b>	<b>37,138</b>	<b>41,502</b>
<b>Depreciation and impairment</b>			
At 1 July 2024	-	-	-
Depreciation	(14)	(337)	(351)
Disposals	-	17	17
Assets reclassified from/(to) held for sale	(4,109)	(25,010)	(29,119)
Loss on measurement from held for sale	(72)	(1,667)	(1,739)
<b>Closing value at 31 December 2024</b>	<b>(4,195)</b>	<b>(27,014)</b>	<b>(31,209)</b>
<b>Carrying Amount at 31 December 2024</b>	<b>169</b>	<b>10,124</b>	<b>10,293</b>

### 10. 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.

#### Right-of-use asset

	Consolidated	
	31-Dec-24 \$'000	30-Jun-24 \$'000
Building	7,109	-
Less: Accumulated depreciation	(781)	-
	<b>6,328</b>	-
IT Equipment	33	-
Less: Accumulated depreciation	(16)	-
	<b>17</b>	-
<b>Total Right-of-use asset</b>	<b>6,345</b>	-

The following table shows the movements in right-of-use assets:

	Right-of-use assets		
	Building \$'000	IT equipment \$'000	Total \$'000
<b>As at 1 July 2024</b>	-	-	-
Assets reclassified from held for sale	7,484	33	7,517
Additions during the year	-	-	-
Disposals during the year	-	-	-
Loss on transfer from held for sale	(929)	(13)	(942)
Depreciation expense	(227)	(3)	(230)
<b>As at 31 December 2024</b>	<b>6,328</b>	<b>17</b>	<b>6,345</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Lease liabilities

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

	31-Dec-24 \$'000	30-Jun-24 \$'000
Lease liabilities (current)	3,363	-
Lease liabilities (non-current)	9,755	-

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2024 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
<b>31 December 2024</b>							
Lease payments	4,357	3,536	2,501	640	540	495	12,069
Finance charges	(621)	(386)	(195)	(96)	(59)	(19)	(1,376)
<b>Net present values</b>	<b>3,736</b>	<b>3,150</b>	<b>2,306</b>	<b>544</b>	<b>481</b>	<b>476</b>	<b>10,693</b>
<b>30 June 2024</b>							
Lease payments	4,070	3,925	2,875	3,639	585	720	15,814
Finance charges	(745)	(497)	(287)	(129)	(83)	(39)	(1,780)
<b>Net present values</b>	<b>3,325</b>	<b>3,428</b>	<b>2,588</b>	<b>3,510</b>	<b>502</b>	<b>681</b>	<b>14,034</b>

## 11. GOODWILL

	Consolidated	
	31-Dec-24 \$'000	30-Jun-24 \$'000
Goodwill	-	-

The following table shows the movements in goodwill:

	31-Dec-24 \$'000	30-Jun-24 \$'000
<b>Gross carrying amount</b>		
Balance at beginning of period	23,844	67,253
Acquired through business combination	-	1,375
Disposal through sale of business	-	(44,744)
<b>Balance at end of the period</b>	<b>23,844</b>	<b>23,884</b>
<b>Accumulated impairment</b>		
Balance at beginning of period	(23,844)	(16,973)
Impairment loss recognised	-	(6,911)
<b>Balance at end of the period</b>	<b>(23,844)</b>	<b>(23,884)</b>
<b>Carrying amount at end of the period</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 12. OTHER INTANGIBLE ASSETS

The following table shows the movements in Other Intangibles:

	Consolidated	
	31-Dec-24	30-Jun-24
Customer contract	328	-
Less: Accumulated amortisation	(319)	-
	9	-
Brand name	4,069	-
Less: Accumulated amortisation	(1,191)	-
	2,878	-
<b>Total intangible assets</b>	<b>2,887</b>	<b>-</b>

#### Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Customer contract \$'000	Brand name \$'000	Total \$'000
<b>Balance at 1 July 2024</b>	-	-	-
Assets reclassified from held for sale	27	3,270	3,297
Additions	-	-	-
Disposal	-	-	-
Net loss on transfer of assets held for sale	(15)	(327)	(342)
Amortisation	(3)	(65)	(68)
<b>Balance at 31 December 2024</b>	<b>9</b>	<b>2,878</b>	<b>2,887</b>

### 13. INVESTMENTS

	Consolidated	
	31-Dec-24 \$'000	30-Jun-24 \$'000
Investments	3,364	725

Investments consist of the Group's investment in AUCyber Limited ("AUCyber") and the Group's investment in The Pistol, a marketing consultancy business.

#### AUCyber

The Group acquired 10.74% of the ordinary shares in AUCyber on 17 December 2024 for total consideration of \$1.93 million. The fair value of the Group's investment in AUCyber was \$2.63 million as at 31 December 2024 based on the closing share price of AUCyber at this date. The Group has classified the investment as a financial instrument because it is not an associate of AUCyber and has elected to value the investment as Fair Value through Other Comprehensive Income (FVOCI). The Group has recognised a gain of \$0.7 million in Other Comprehensive Income during the period.



# NOTES TO THE FINANCIAL STATEMENTS

## 14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Amortised cost \$000	FVTPL \$000	FVOCI \$'000	Total \$000
<b>31 DECEMBER 2024</b>				
<b>Financial assets</b>				
Cash and cash equivalents	54,937	-	-	54,937
Restricted cash	2,925	-	-	2,925
Trade and other receivables	3,943	-	-	3,943
Unsecured loans	-	378	-	378
Other investments	-	-	3,364	3,364
<b>Total financial assets</b>	<b>61,805</b>	<b>378</b>	<b>3,364</b>	<b>65,547</b>
<b>Financial liabilities</b>				
Trade and other payables	7,505	-	-	7,505
Lease liabilities	3,363	-	-	3,363
Non-current lease liabilities	9,755	-	-	9,755
Other financial liabilities	-	1,912	-	1,912
<b>Total financial liabilities</b>	<b>20,623</b>	<b>1,912</b>	<b>-</b>	<b>22,535</b>

	Amortised cost \$000	FVTPL \$000	FVOCI \$'000	Total \$000
<b>30 JUNE 2024</b>				
<b>Financial assets</b>				
Cash and cash equivalents	68,322	-	-	68,322
Restricted cash	2,925	-	-	2,925
Trade and other receivables	3,549	-	-	3,549
Unsecured loans	-	378	-	378
Other financial assets	-	-	725	725
<b>Total financial assets</b>	<b>74,796</b>	<b>378</b>	<b>725</b>	<b>75,899</b>
<b>Financial liabilities</b>				
Trade and other payables	11,967	-	-	11,967
Lease liabilities	3,316	-	-	3,316
Non-current lease liabilities	10,718	-	-	10,718
Other financial liabilities	-	2,094	-	2,094
<b>Total financial liabilities</b>	<b>26,001</b>	<b>2,094</b>	<b>-</b>	<b>28,095</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 15. FAIR VALUE MEASUREMENT

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:

- 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 31 December 2024:

	Note	Date of valuation	Fair value measurement using			
			TOTAL	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			\$000	\$000	\$000	\$000
<b>Assets / (liabilities) measured at fair value</b>						
<b>Financial assets</b>						
Investment in The Pistol shares		31-Dec-24	725	-	-	725
Investment in AUCyber Limited		31-Dec-24	2,639	2,639	-	-
Unsecured loans		31-Dec-24	378	-	-	378
<b>Financial liabilities</b>						
Contingent consideration		31-Dec-24	1,912	-	-	1,912

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

## 16. BUSINESS COMBINATIONS

### Security Shift

On 16 January 2024, the Company announced the acquisition of Security Shift, a cyber security consultancy business for \$4.316 million. The acquisition was funded from existing cash reserves and from the issue of 7,294,118 ordinary shares in 5GN for value of \$1.24 million. The Company acquired all of the shares in Security Shift Pty Ltd, Security Shift Group Pty Ltd Security Shift Holdings Pty Ltd.

The goodwill value of \$1.375 million identified in relation to the acquisition is final.

# NOTES TO THE FINANCIAL STATEMENTS

## 17. ASSETS CLASSIFIED AS HELD FOR SALE

As at 30 June 2024, the assets and liabilities of the Group's primary operating subsidiary, 5G Networks Operations Pty Ltd and its cyber security consultancy business operated by Security Shift Pty Ltd were classified as held for sale. On 27 November 2024, the Company announced that the proposed sale would not proceed and that the Sale Agreements has been terminated by agreement between the Company and the entities associated with Mr Joe Demase.

Accordingly, the assets and liabilities of the Group's primary operating subsidiary, 5G Networks Operations Pty Ltd and its cyber security consultancy business operated by Security Shift Pty Ltd were reclassified from assets held for sale as at 27 November 2024. A loss on remeasurement of a non-current asset (or disposal group) classified as held for sale of \$3,339,150 has been recorded in the profit or loss from continuing operations in the half year ended 31 December 2024. This amount represents the depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets for the period when these assets were classified as held for sale.

The carrying amounts of assets and liabilities classified as held for sale at 31 December 2024 and 30 June 2024 were:

	31 December 2024 \$'000	30 June 2024 \$'000
Cash and cash equivalents	-	3,336
Trade and other receivables	-	3,405
Contract assets	-	760
Property, plant and equipment	-	10,497
Right-of-use assets	-	7,517
Intangible assets	-	3,297
Other assets	-	2,465
<b>Total assets classified as held for sale</b>	<b>-</b>	<b>31,277</b>
Trade and other payables	-	(6,943)
Lease liability	-	(14,034)
Provisions	-	(2,874)
Contract liabilities	-	(439)
Other financial liabilities	-	(2,094)
Other liabilities	-	(3,367)
<b>Total liabilities directly related to assets classified as held for sale</b>	<b>-</b>	<b>(29,751)</b>

## 18. SHARE CAPITAL

During the period, 9,250,000 options were issued under Company's Executive Equity Plan, and 4,500,000 options were cancelled under the Company's Executive and Director Share Option Plan.

On 11 September 2024 the Company successfully completed an on-market share buyback, acquiring 33,405,122 ordinary shares representing 10% of issued capital for total consideration of \$4.99 million. All shares acquired were cancelled by 13 September 2024.

On 2 December 2024 the Company announced the launch of an on-market share buyback to acquire up to 100 million of the Company's ordinary shares, representing 32.8% of the Company's issued capital at the time of the announcement. The Company did not acquired any shares on-market during the period. The on-market buyback was approved by the Company's shareholders at its 2024 Annual General Meeting.

	31-Dec-24 \$'000	30-Jun-24 \$'000
<b>Issued and paid-up capital</b>		
Ordinary shares each fully paid	196,448	198,292

# NOTES TO THE FINANCIAL STATEMENTS

## Movements in ordinary shares on issue

	31 Dec 2024 6 months		30 Jun 2024 12 months	
	Number of Shares	\$'000	Number of shares	\$'000
<b>Beginning of the financial period</b>	<b>317,757,331</b>	<b>198,292</b>	<b>329,126,229</b>	<b>200,521</b>
Issue of shares to vendor	-	-	7,294,118	1,240
Acquisition of shares through on-market share buyback	(12,461,493)	(1,844)	(20,943,629)	(3,145)
Cancellation of shares – unmarketable parcel facility	-	-	(4,144,387)	(580)
Shares issued following exercise of options	-	-	1,625,000	280
Transaction costs for share issue	-	-	-	(24)
<b>Shares issued and fully paid</b>	<b>305,295,838</b>	<b>196,448</b>	<b>312,957,331</b>	<b>198,292</b>
Issue of shares under ESOP	-	-	4,800,000	-
<b>End of the financial period</b>	<b>305,295,838</b>	<b>196,448</b>	<b>317,757,331</b>	<b>198,292</b>

## 19. RESERVES

	31-Dec-24 \$'000	30-Jun-24 \$'000
Share-based payments reserve	16,130	15,153
Other reserves	6,152	5,450
Foreign currency reserve	147	147
Reorganisation reserve	(150,804)	(150,804)
<b>Total</b>	<b>(128,375)</b>	<b>(130,054)</b>
<b>SHARE-BASED PAYMENTS RESERVE</b>		
Balance at the beginning of the period	15,153	13,017
Arising on share-based payments	977	2,136
<b>Balance at the end of the period</b>	<b>16,130</b>	<b>15,153</b>
<b>OTHER RESERVES</b>		
Balance at the beginning of the period	5,450	5,450
Change in fair value of equity instruments	702	-
<b>Balance at the end of the period</b>	<b>6,152</b>	<b>5,450</b>
<b>FOREIGN CURRENCY RESERVE</b>		
Balance at the beginning of the period	147	288
Currency translation differences	-	(141)
<b>Balance at the end of the period</b>	<b>147</b>	<b>147</b>
<b>REORGANISATION RESERVE</b>		
Balance at the beginning of the period	(150,804)	(150,804)
<b>Balance at the end of the period</b>	<b>(150,804)</b>	<b>(150,804)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 20. DIVIDENDS

There were no dividends declared or paid during the half-year ended 31 December 2024 (2023: nil).

## 21. RELATED PARTY TRANSACTIONS

During the current reporting period, the Group has conducted the following related party transactions:

- A total of \$25,494 (2023: \$119,710) 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.

## 22. EVENTS SUBSEQUENT TO REPORTING DATE

The Group gained control of AUCyber on 3 February 2025 when it acquired 50.71% of the shares in AUCyber under the Takeover Bid. Shortly after Mr Hugh Roberston and Mr Joseph Demase were appointed to the Board of AUCyber. The total consideration paid as at the date of control was \$9.1 million. The Takeover Bid closed on 17 February 2025 at which time the Group held 89.68% of the ordinary shares in AUCyber. The Group continues to hold 146,692,024 of the ordinary shares in AUCyber at the date of this report. The strategic rationale for the acquisition of AUCyber is to strengthen the Group's cyber security service and product offerings and complement the Group's Security Shift business.

The Group will consolidate the financial performance and position of AUCyber as a business combination as the acquisition satisfies the requirements under Accounting Standard AASB 3: Business Combinations. The Group has not yet undertaken the purchase price allocation process, including the identification of any intangible assets, given the short amount of time since control was gained by the Group over AUCyber. The indicative assets and liabilities acquired are summarised in the table below:

	31-Dec-2024 \$'000
<b>AUCyber Limited</b>	
Cash	5,030
Receivables	3,403
Other current assets	997
Property, plant & equipment	5,658
Intangible assets	13,353
Right of use lease assets	4,895
Other non-current assets	67
Payables	(3,281)
Current lease liabilities	(1,580)
Current provisions	(1,123)
Non-current lease liabilities	(3,660)
Non-current provisions	(165)
<b>Net assets</b>	<b>23,594</b>

No other matter or circumstances have arising since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## DIRECTORS' DECLARATION

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1. In the Directors' opinion:

- (a) The financial statements and notes of 5G Networks Limited for the half-year ended 31 December 2024 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-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.

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

For and on behalf of the Board



Mr. Hugh Robertson  
Chair  
27 February 2025

# INDEPENDENT AUDITOR'S REVIEW REPORT



Grant Thornton

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## Independent Auditor's Review Report

### To the Members of 5G Networks Limited

#### Report on the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of 5G Networks Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024 and 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 half-year ended on that date, including material accounting policy information, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of 5G Networks Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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# INDEPENDENT AUDITOR'S REVIEW REPORT

## Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M J Climpson  
Partner – Audit & Assurance  
Melbourne, 27 February 2025