AUCyber Limited
Level 3/120 Wickham Street
Fortitude Valley
Brisbane QLD 4000 Australia

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3 January 2025

Dear shareholder

As you will be aware, 5G Networks Limited (**5G Networks**) is seeking to gain control of your investment in AUCyber Limited (**AUCyber**) via an unsolicited, all-cash takeover offer to acquire all your AUCyber shares for $0.11 (11 cents) per AUCyber share (**Offer**).

The purpose of this letter is to advise you that AUCyber has today released a Target's Statement in response to the Offer, which has been approved by the AUCyber board of directors (**Board**). The Target's Statement is required by the *Corporations Act 2001* (Cth), and importantly includes:

- the Board recommendation;
- the reasons for that recommendation; and
- other important information you should consider when deciding whether to accept or reject the Offer.

A copy of AUCyber's Target's Statement has been released to ASX and is available for shareholders to view at https://investor.australiacloud.com.au/investors/?page=asx-announcements. The Board will continue to keep you fully informed of key developments. ASX announcements in relation to the Offer can also be found at https://investor.australiacloud.com.au/investors/?page=asx-announcements. or on ASX's website at www.asx.com.au.

The Board encourages you to read the Target's Statement in its entirety as it will assist you in making an informed decision with respect to the Offer.

You may also wish to seek independent legal, financial, taxation or other professional advice before making a decision in relation to your AUCyber shares.

If you have any queries about the Offer or the Target's Statement, please contact AUCyber on 1800 236 994 between 9:00am and 5:00pm (Sydney time) Monday to Friday.

Yours sincerely

Cathie Reid
Executive Chair
AUCyber Limited

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AUCyber Limited

ACN 622 728 189

Target's Statement

issued in response to the unsolicited on-market takeover bid made by 5G Networks Limited ACN 073 716 793 (**5GN**) to acquire all of the fully paid ordinary shares in AUCyber Limited ACN 622 728 189 (**AUCyber** or the **Company**) for $0.11 (11 cents) cash per AUCyber fully paid ordinary share.

Your Directors recommend that you REJECT 5GN's Offer – the recommendation is set out in section 1 of this Target's Statement

LatimerPartners

Financial Adviser to AUCyber

Baker McKenzie.

Legal Adviser to AUCyber

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

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KEY DATES

Date of Announcement of 5GN's Offer	20 December 2024
Date of this Target's Statement	3 January 2025
Date of 5GN's Offer	6 January 2025
Close of Offer Period (unless extended)	4:00pm (Melbourne time) on 6 February 2025

ENQUIRIES

Shareholders may call AUCyber on 1800 236 994 between 9:00am and 5:00pm (Sydney time) Monday to Friday if they have any queries in relation to the Offer.

Further information relating to the Offer can be obtained from ASX's website (ASX Code: CYB) at www.asx.com.au or from AUCyber's website at https://aucyber.com.au/.

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IMPORTANT NOTICES

Nature of this document

This is a Target's Statement issued by AUCyber Limited under Part 6.5 Division 3 of the Corporations Act in response to the on-market takeover bid made by 5GN for all of the fully paid ordinary shares in AUCyber.

ASIC lodgement

This Target's Statement is dated 3 January 2025 and was lodged with the ASIC and given to ASX on that date. Neither ASIC, nor ASX, nor any of their respective officers take any responsibility for the contents of this Target's Statement.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in section 8 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement and defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or, particular needs. It does not contain personal advice. Your Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include, without limitation, factors and risks specific to the industry in which AUCyber operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of AUCyber, AUCyber's officers, employees and advisers, any persons named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. AUCyber does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

Disclaimer as to information

The information on 5GN contained in this Target's Statement has been prepared by AUCyber using publicly available information. The information in this Target's Statement concerning 5GN, has not been independently verified by AUCyber. Accordingly, AUCyber does not, subject to the Corporations Act, make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

Maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

Privacy

AUCyber has collected your information from its register of members for the purpose of providing you with this Target's Statement. The type of information AUCyber has collected about you includes your name, contact details and information on your shareholding in AUCyber. Without this information, AUCyber would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to AUCyber's Related Bodies Corporate and external service providers (such as the share registry of AUCyber and print and mail service providers) and may be required to be disclosed to regulators such as ASIC and ASX. If you would like details of information about you held by AUCyber, please contact AUCyber.

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3 January 2025

Dear Shareholder

5GN'S TAKEOVER BID

On 20 December 2024, 5G Networks Limited (**5GN**) announced an unsolicited on-market takeover bid to acquire all of the Shares in AUCyber that it does not already own for $0.11 (11 cents) cash per Share (**5GN's Offer**).

5GN's Bidder's Statement sets out the full terms of 5GN's Offer. The Bidder's Statement will be sent to you shortly. A copy of the Bidder's Statement is also available on ASX's website (ASX Code: CYB) at www.asx.com.au or from AUCyber's website at https://aucyber.com.au/.

The Offer price of $0.11 (11 cents) cash per Share (**Offer Price**) represents a modest premium of only 7.3% to the price of Shares as at close of trading on 19 December 2024 ($0.1025), being the trading day prior to the announcement of 5GN's Offer, which is well below the median premium paid in control transactions for similar ASX-listed companies.

On 24 December 2024, AUCyber announced to ASX that it had received a non-binding and conditional takeover proposal from Brennan VDI Pty Ltd (**Brennan**) to acquire 100% of the ordinary shares in the Company (**Competing Takeover Proposal**). Brennan's offer price at $0.14 (14 cents) cash per Share represents a 27.3% premium to 5GN's Offer Price. The Competing Takeover Proposal remains subject to several important conditions including satisfactory due diligence, credit approval from Brennan's existing lender, and no material changes to AUCyber's business operations or liabilities other than those previously disclosed to ASX up to 23 December 2024. Given the conditional nature of the Competing Takeover Proposal, there is no certainty that it will result in an offer capable of acceptance by AUCyber's Shareholders during the Offer Period or at all.

AUCyber has commenced a process through its financial adviser to test the interest of a small number of parties that appear to be strategically aligned and could be interested in potentially making an offer for AUCyber. There is no certainty that this process will result in a superior offer.

This Target's Statement sets out your Directors' response to 5GN's Offer and contains their recommendation, the reasons for that recommendation and other important information you should consider when deciding whether to accept or reject 5GN's Offer.

Directors' recommendation

After considering the terms of 5GN's Offer and the matters in this Target's Statement, each Director unanimously recommends that you **REJECT** 5GN's Offer.

The key reasons why you should currently reject 5GN's Offer are described in detail in section 1 of this document and summarised below:

1. 5GN's Offer does not provide Shareholders with an adequate premium for control of AUCyber;

2. AUCyber has received a Competing Takeover Proposal, which provides a materially higher price of $0.14 (14 cents) cash per Share. The Board needs time to see if this proposal or any other third-party proposal progresses into a binding offer capable of acceptance by AUCyber's Shareholders; and

3. If you accept 5GN's Offer and/or sell your Shares on-market, you risk missing out on the benefit of any higher offer that may arise from 5GN or any other third party.

You should be aware that, 5GN's Offer has not been declared 'best and final'. Accordingly, if you accept 5GN's Offer, you will not benefit if the price offered for your CYB shares is subsequently increased. 5GN is under no obligation to increase the Offer Price.

In determining whether to accept or reject 5GN's Offer, you will need to consider your individual circumstances and investment objectives in light of the various benefits and disadvantages of the Offer.

5GN's Offer is unconditional and will remain open for acceptance until 4:00pm (Melbourne time) on 6 February 2025 (unless extended). Accordingly, you do not need to make a decision in relation to 5GN's Offer immediately.

Although the Offer is currently scheduled to close on 6 February 2025, if 5GN's interest in AUCyber increases to more than 50% within the last 7 days of the Offer Period, under the Corporations Act, the Offer Period will be automatically extended so that it ends 14 days after 5GN's interest in AUCyber first increases to more than 50%. If this occurs, and you have not yet accepted 5GN's Offer by that time, you will be notified accordingly. Any extension to the Offer Period will also be announced to ASX.

Instructions on how to accept 5GN's Offer are set out in section 2 of the Bidder's Statement.

Further information

The Directors will be closely monitoring the progress of 5GN's Offer and will keep you informed of any material developments in relation to 5GN's Offer, the Competing Takeover Proposal and any other offers received through releases to ASX, which will also be published on AUCyber's website.

I encourage you to read this document carefully. If you need any more information, I recommend that you seek independent advice or call AUCyber on 1800 236 994 between 9:00am and 5:00pm (Sydney time) Monday to Friday.

Yours sincerely



Ms Cathie Reid AM
Executive Chair
AUCyber Limited

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1. DIRECTORS' RECOMMENDATION AND REASONS

1.1 Directors' recommendation and key reasons

After considering the terms of 5GN's Offer and the matters in this Target's Statement, each Director unanimously recommends that you **REJECT** 5GN's Offer.

In making its recommendation, the Directors have taken into account the following key considerations for Shareholders:

Reasons why Shareholders may choose to **REJECT 5GN's OFFER**	**Reasons why Shareholders may choose to** **ACCEPT 5GN's OFFER**
Your Directors consider 5GN's Offer represents an inadequate premium for control of AUCyber	The Offer provides certainty of price at $0.11 (11 cents) cash per Share and the opportunity to sell your Shares for cash immediately
AUCyber has received another non-binding conditional proposal, the Competing Takeover Proposal, which if consummated, will deliver a materially higher price of $0.14 (14 cents) cash per Share	There is no certainty the Competing Takeover Proposal will result in a binding offer capable of acceptance by Shareholders
If you accept 5GN's Offer or sell your Shares on-market, you risk missing out on any higher offer that may arise from 5GN or any other third party	A higher binding offer may not eventuate and the Share price may fall following completion of the Offer Period

5GN's Offer is unconditional and will remain open for acceptance until 4:00pm (Melbourne time) on 6 February 2025 (unless extended). Accordingly, you do not need to make a decision in relation to 5GN's Offer immediately and may choose to first have regard to the level of acceptances obtained by 5GN during the Offer Period.

You should also note that, although 5GN's Offer is currently scheduled to close on 6 February 2025, if 5GN's interest in AUCyber increases to more than 50% within the last 7 days of the Offer Period, under the Corporations Act, the Offer Period will be automatically extended so that it ends 14 days after 5GN's interest in AUCyber first increases to more than 50%. If this occurs, and you have not yet accepted 5GN's Offer by that time, you will be notified accordingly. Any extension to the Offer Period will also be announced to ASX.

You should be aware that 5GN's Offer has not been declared 'best and final'. Accordingly, if you accept the Offer, you will not benefit if the price offered for your Shares is subsequently increased. However, you should be aware that 5GN is under no obligation to increase the Offer Price.

In considering whether to accept 5GN's Offer, your Directors encourage you to:

(a) read the whole of this Target's Statement and the Bidder's Statement;

(b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;

(c) consider the choices available to you as outlined in this Target's Statement;

(d) carefully consider sections 1.2 (Reasons why Shareholders may choose to reject the Offer), 1.3 (Reasons why Shareholders may choose to accept the Offer)

and 3 (Important Matters for Shareholders to consider) of this Target's Statement; and

(e) obtain independent financial, legal, taxation or other professional advice before making a decision as to whether or not to accept the Offer.

The Offer has a number of advantages, disadvantages and risks which are discussed in sections 1.2 (Reasons why Shareholders may choose to reject 5GN's Offer), 1.3 (Reasons why Shareholders may choose to accept 5GN's Offer) and 3 (Important matters for Shareholders to consider) of this Target's Statement and may affect Shareholders in different ways depending on their individual circumstances. You should seek professional advice regarding the impact of the Offer on your individual circumstances.

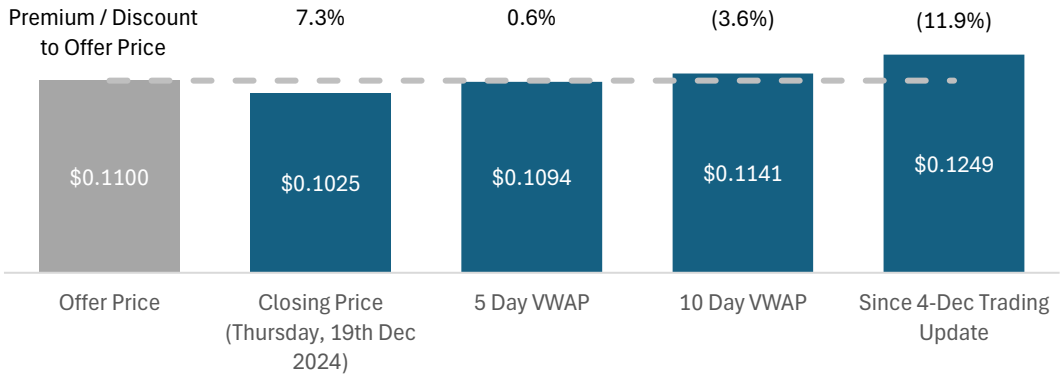
1.2 Reasons why Shareholders may choose to reject 5GN's Offer

(a) Your Directors consider 5GN's Offer represents an inadequate premium for control

5GN is seeking to gain control of AUCyber without paying an adequate premium for control. The Offer Price represents:

- a 7.3% premium to the closing price of the Shares on 19 December 2024 (the last trading day before announcement of the Offer);
- a 0.6% premium to the 5-day Volume Weighted Average Price (**VWAP**);
- a 3.6% discount to the 10-day VWAP; and
- an 11.9% discount to the VWAP since AUCyber's trading update on 4 December 2024.

Figure 1. 5GN's Offer Price relative to key pricing metrics

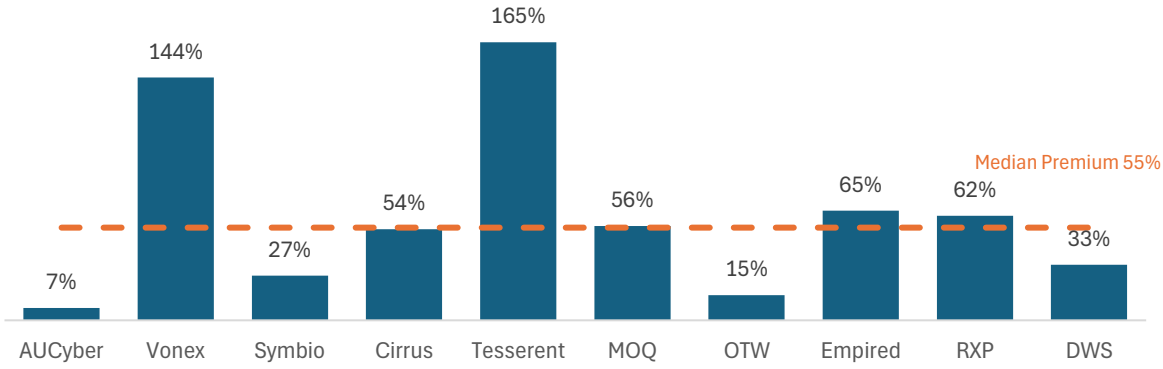


The premia implied by the Offer Price is materially below the average premia paid in Australian corporate control transactions and, specifically, the median premium of 55% observed in recent transactions involving ASX-listed companies in the IT and Communications sector (see Figure 2).

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Figure 2. Premia offered in control transactions for ASX-listed IT and Communications companies (%)



1. The Offer as per this Target Statement based on the closing price prior to announcement of the Offer
2. Maxotel Telecommunications Pty Ltd bid for Vonex Limited: offer price as per ASX announcement by Vonex Limited dated 23 October 2024 (In progress).
3. Aussie Broadband Limited bid for Symbio Holdings Limited: offer price as per ASX announcement by Symbio Holdings Limited on 1 November 2023.
4. Atturra Limited bid for Cirrus Networks Holdings Limited: offer price as per ASX announcement by Atturra Limited dated 15 September 2023.
5. Thales Australia Holdings Pty Ltd bid for Tesserent Limited: offer price as per ASX announcement by Tesserent Limited dated 13 June 2023.
6. Brennan VDI Pty Ltd bid for MOQ Limited: offer price as per ASX announcement by MOQ Limited dated 16 August 2022.
7. Aussie Broadband Limited bid for Over the Wire Holdings Limited: offer price as per ASX announcement by Over the Wire Holdings Limited dated 2 December 2021.
8. Capgemini Australia Pty Ltd bid for Empired Limited: offer price as per ASX announcement by Empired Limited dated 19 July 2021.
9. Capgemini Australia Pty Ltd bid for RXP Services Limited: offer price as per ASX announcement by RXP Services Limited dated 11 November 2020
10. HCL Australia Services Pty Limited bid for DWS Limited: offer price as per ASX announcement by DWS Limited dated 30 October 2020

(b) AUCyber has received a non-binding conditional proposal from another bidder, the Competing Takeover Proposal, which if consummated, will deliver a materially higher price of $0.14 (14 cents) cash per Share

On 24 December 2024, AUCyber announced to ASX that it had received a non-binding and conditional takeover proposal from Brennan to acquire 100% of the ordinary shares in the Company at $0.14 (14 cents) cash per Share. This represents a 27.3% premium to the Offer Price.

This Competing Takeover Proposal is conditional on several items including:

- Satisfactory due diligence by the bidder;
- Ordinary course of business operations of AUCyber with no material changes to business operations or liabilities other than those previously disclosed to ASX;
- no changes to AUCyber share capital as outlined in AUCyber's latest Appendix 3G, and any securities other than ordinary shares will be acquired or cancelled for nominal consideration;
- AUCyber does not declare or pay any dividends or distributions;
- AUCyber does not make any acquisitions or disposals of any assets or business of a value greater than $100,000;
- AUCyber's aggregate transaction costs and expenses (including any advisory costs and expenses) will not exceed $1.7 million; and
- Credit approval from Brennan's existing lender.

There is no certainty that the Competing Takeover Proposal will result in a binding offer capable of acceptance by Shareholders. If however, a binding offer is made at $0.14 (14 cents) cash per Share, then Shareholders stand to receive a materially higher price than 5GN's Offer Price of $0.11 (11 cents) cash per Share.

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(c) If you accept the Offer or sell your Shares on-market, you risk missing out on the benefit of any higher offer that may arise from 5GN or any other third party

If you sell your Shares to 5GN at the $0.11 (11 cents) cash per Share Offer Price, and a superior offer is made, you will not receive the benefit of any such offer. 5GN is also able to increase its Offer Price at any time other than during the last five Trading Days of the Offer Period. There is no urgency for you to sell your Shares. The Offer will remain open until 4:00pm (Melbourne time) on 6 February 2025 unless extended or withdrawn in accordance with applicable statutory provisions, which only permit withdrawal in very limited circumstances.

AUCyber has commenced a process through its financial adviser to test the interest of a small number of parties that appear to be strategically aligned and could be interested in potentially making an offer for AUCyber. There is no certainty that this process will result in a superior offer.

By TAKING NO ACTION and retaining your Shares you preserve the possibility of being able to benefit from an increased Offer from 5GN or a superior competing proposal if one is made.

1.3 Reasons why Shareholders may choose to accept 5GN's Offer

(a) Certainty of price at $0.11 (11 cents) cash per Share and immediate liquidity

5GN's Offer is unconditional. Therefore, Shareholders who accept the Offer will have certainty of receiving the Offer Price of $0.11 (11 cents) cash per Share.

AUCyber has historically been a relatively illiquid stock with low volumes of Shares being traded. Limited trading liquidity can have a negative impact on the trading price of Shares, making it difficult for Shareholders to realise a reasonable value for their Shares by selling them on-market.

The illiquidity of Shares may increase if 5GN acquires additional Shares under the Offer, thereby providing Shareholders with little certainty that they will be able to sell their Shares at a price greater than or equal to the Offer Price in the future. By contrast, the Offer provides Shareholders with the opportunity to sell their Shares for the Offer Price of $0.11 (11 cents cash per Share if they choose to do so.

(b) There is no certainty regarding the Competing Takeover Proposal

The Competing Takeover Proposal is subject to several conditions including due diligence and credit approval from its existing lender. Although the due diligence is expected to be completed before the end of the Offer Period, there is no guarantee that this occurs, and it is possible that additional conditions need to be satisfied under the Competing Takeover Proposal. Those conditions may not be capable of being satisfied before the end of the Offer Period.

(c) The process of engaging with other potential interested parties is at an early-stage and there is no certainty that it will result in a superior offer

(d) The Share price may fall following completion of 5GN's Offer

Since the announcement of 5GN's Offer on 20 December 2024, and receipt of the Competing Takeover Proposal on 24 December 2024, the Shares have traded up to $0.15 per Share. Absent a superior takeover offer emerging, the Directors consider that the trading price of Shares may fall on completion of 5GN's Offer, due to the following reasons:

- following completion of 5GN's Offer there will be no takeover bid underpinning the Share trading price and Shares will be exposed to ASX market volatility;

- there will be a reduction in the free float of Shares if 5GN increases its shareholding in AUCyber during the Offer Period; and

- the possibility of AUCyber delisting following 5GN's Offer may potentially cause selling pressure on the Shares.

(e) No guarantee of the future performance of AUCyber

On 4 December 2024, the Company announced to ASX that its performance over the first four months of FY25 was below the Board's expectations and that the Board decided to withdraw FY25 guidance. The Company also announced the resignation and subsequent termination of the Managing Director and CEO. There are a number of other risks, general and specific, associated with being a Shareholder in AUCyber. A summary of these risks is set out in section 3.6 of this Target's Statement.

(f) There will be disadvantages for Shareholders if AUCyber is controlled by 5GN in the future

If control of AUCyber passes to 5GN, Shareholders who do not accept 5GN's Offer will become minority shareholders in AUCyber with respect to 5GN's position as controlling shareholder. 5GN may be in a position to control the composition of senior management and the strategic direction of AUCyber and its subsidiaries. This would be effected through control of the Board. Shareholders should also read section 5 of the Bidder's Statement which describes 5GN's intentions in the event that it acquires control (including varying levels of control) of AUCyber.

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2. FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
What is the Target's Statement?	The Target's Statement has been prepared by AUCyber and provides AUCyber's response to 5GN's Offer, including the recommendation of your Directors.
What is the Bidder's Statement?	The Bidder's Statement is the document setting out the terms of the Offer, a copy of which was lodged with ASIC and announced to ASX on 20 December 2024.
What is 5GN's Offer for my Shares?	5GN is offering $0.11 (11 cents) cash for every Share that you hold. The Offer is unconditional.
What choices do I have as a AUCyber Shareholder?	As a Shareholder, you have the following choices in respect of your Shares: 1. **REJECT** 5GN's Offer by doing nothing; or 2. **ACCEPT** 5GN's Offer by selling some or all of your Shares on-market to 5GN. **You should be aware that, if you accept 5GN's Offer, you will not benefit if the price offered for your Shares is subsequently increased.** You should note that brokerage or other fees may be payable upon acceptance of the Offer. See the frequently asked question below for more information. There are several implications in relation to each of the above choices. You should read this Target's Statement and the Bidder's Statement in full to obtain a summary of these implications. If you are in any doubt as to what to do, your Directors recommend that you consult with your investment, financial, taxation or other professional adviser.
Will I need to pay brokerage if I accept the Offer?	As 5GN's Offer is an on-market takeover bid, Shareholders may only accept 5GN's Offer through Brokers or Controlling Participants who are members of ASX. You should ask your Broker or Controlling Participant if any fees or charges will apply. Any fees or other charges of such Brokers or Controlling Participants will be your responsibility, as the accepting Shareholder.
How do I REJECT 5GN's Offer?	To REJECT 5GN's Offer, simply do nothing.

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Question	Answer
How do I ACCEPT 5GN's Offer?	To ACCEPT 5GN's Offer, you should follow the instructions set out in section 13.4 of the Bidder's Statement.
Can I sell my Shares on ASX during the Offer Period?	Yes. During the Offer Period, you may sell your Shares on ASX to third parties other than 5GN, provided that you have not accepted 5GN's Offer.
What are your Directors recommending?	The Directors' recommendation and the reasons for the Directors' recommendation is set out in section 1 of this Target's Statement. If there is a change in your Directors' recommendation or there are any material developments in relation to 5GN's Offer, your Directors will advise the market accordingly.
Who is offering to purchase Shares?	The Offer is being made by 5G Networks Limited (**5GN**). 5GN is a licensed telecommunications carrier operating in Australia. 5GN currently owns and operates its own highspeed data network with points of presence in all major Australian cities. 5GN also offers managed cloud services through data centres in Melbourne, Sydney, Brisbane and Adelaide. Refer to section 6 of the Bidder's Statement for further information about 5GN.
How many Shares does 5GN already have an interest in?	As at 20 December 2024, 5GN has announced to ASX that it has a Relevant Interest in 17,562,221 Shares, representing 10.74% of the Voting Power in AUCyber.
What happens if I accept 5GN's Offer now and the Offer Price is increased?	If you accept 5GN's Offer now, you will not benefit if 5GN's Offer Price is subsequently increased.
If I accept 5GN's Offer, can I withdraw my acceptance?	If you accept 5GN's Offer, you will be legally bound to sell those Shares and you cannot later withdraw your acceptance.
When does 5GN's Offer close?	5GN's Offer is scheduled to close at 4:00pm (Melbourne time) on 6 February 2025 (unless extended). If you choose to accept 5GN's Offer you need to do so before its scheduled closing date.
What are the conditions to 5GN's Offer?	There are no conditions attaching to 5GN's Offer.

Question	Answer
Can 5GN vary the Offer?	5GN can only vary the Offer in certain circumstances. These are described in section 4.4 of this Target's Statement. 5GN may not vary the Offer to the extent you have already accepted it.
What if there is a competing offer?	If a competing offer for AUCyber emerges, Shareholders will be informed through an announcement to ASX. If you have already accepted 5GN's Offer and are no longer a Shareholder at the time a competing offer emerges, you will be unable to accept the competing offer.
Can I be forced to sell my Shares?	You cannot be forced to sell your Shares unless 5GN and its Associates acquire a Relevant Interest in at least 90% of all Shares, in which case it is entitled to compulsorily acquire the remaining Shares under the Corporations Act (see section 4.8 of this Target's Statement and section 10.4 of the Bidder's Statement for more information). If 5GN proceeds to compulsory acquisition of Shares from Shareholders who did not accept the Offer, those Shareholders will receive the Offer Price for their Shares. 5GN's intentions with respect to compulsory acquisition are set out in section 10.4 of the Bidder's Statement. In summary, 5GN has indicated that if it becomes entitled to do so, it intends to compulsorily acquire any outstanding Shares in accordance with the Corporations Act.
Can I buy Shares during the Offer Period?	Yes. Notwithstanding 5GN's Offer, you can still continue to buy Shares as you normally would through ASX during the Offer Period.
What are 5GN's intentions?	5GN's intentions are set out in section 5 of the Bidder's Statement.
Is there a number that I can call if I have further queries in relation to 5GN's Offer?	If you have any further queries in relation to 5GN's Offer, you can call the AUCyber Help Line on 1800 236 994 between 9:00am and 5:00pm (Sydney time) Monday to Friday.

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3. IMPORTANT MATTERS FOR SHAREHOLDERS TO CONSIDER

3.1 The Offer

On 20 December 2024, 5GN announced an unsolicited cash on-market takeover bid to acquire all of the Shares in AUCyber that it does not already own for the Offer Price of $0.11 (11 cents) cash per Share.

Further details about 5GN's Offer are contained in section 4 of this Target's Statement.

At the date 5GN's Offer was announced, 5GN had a Relevant Interest in approximately 10.74% of the Shares, which remains unchanged at 3 January 2025.

5GN's intentions (as at the date of the Bidder's Statement) in relation to the continuation of the business of AUCyber, any major changes to the business of AUCyber and any redeployment of the fixed assets of AUCyber and the future employment of the present employees of AUCyber are set out in section 10 of the Bidder's Statement. These are described as statements of 5GN's intentions at the date of the Bidder's Statement only, which may change as new information becomes available or circumstances change.

The Offer is open for acceptance until **4:00pm (Melbourne time) on 6 February 2025**, unless it is extended (see section 4.4 of this Target's Statement which describes the circumstances in which the Offer may be extended).

3.2 Sources of consideration

As set out in section 9 of the Bidder's Statement, 5GN has stated that it has existing cash reserves sufficient to fund the maximum amount of consideration payable under the Offer and all associated transaction costs.

3.3 Minority ownership consequences

If control of AUCyber passes to 5GN, Shareholders who do not accept 5GN's Offer will become minority shareholders in AUCyber with respect to 5GN's position as controlling shareholder. If this occurs, there may be additional factors that need to be considered, alongside the Directors' recommendation. These factors may include:

(a) the number of Shares traded on ASX could be significantly reduced. Shares not accepted into the Offer could become an illiquid and infrequently traded share and, as such, the ASX market price may no longer be a reliable indicator of value;

(b) 5GN may be in a position to control the composition of senior management and the strategic direction of AUCyber and its subsidiaries. This would be effected through control of the Board. 5GN has stated, in section 5 of the Bidder's Statement, that it intends to seek representation on the AUCyber Board commensurate with its shareholding in AUCyber;

(c) 5GN may be in a position to pass special resolutions at meetings of Shareholders. This will enable 5GN to, among other things, change AUCyber's constitution; and

(d) 5GN may be in a position to arrange for AUCyber to be removed from the official list of ASX If this occurs, any remaining Shareholders will not be able to sell their Shares on-market.

You should also read section 5 of the Bidder's Statement which describes 5GN's intentions in the event that it acquires control (including varying levels of control) of AUCyber and section 1 of this Target's Statement which describes your Directors' recommendation and reasons in relation to 5GN's Offer.

3.4 Taxation consequences

The taxation consequences of accepting 5GN's Offer depend on a number of factors and will vary depending on your particular circumstances. AUCyber and its advisers do not accept any liability or responsibility for any taxation implications of accepting or rejecting the Offer. Shareholders should seek their own specific independent professional, financial and taxation advice as to the taxation implications applicable to their circumstances before making a decision as to whether or not to accept 5GN's Offer for your Shares. Section 11 of the Bidder's Statement includes a more detailed assessment of tax consequences for Shareholders who accept 5GN's Offer.

3.5 Holders of Options

If you are a holder of Options, 5GN's Offer does not apply to your Options. However, 5GN's Offer extends to any Shares that are issued during the Offer Period as a result of the exercise of Options.

3.6 Risk factors associated with AUCyber

In considering this Target's Statement, Shareholders should be aware that there are a number of risks, general and specific, which may affect the future operating and financial performance of AUCyber and the value of Shares. Many of these risks are relevant to Shareholders today and will be relevant to Shareholders who remain as Shareholders following the completion of 5GN's Offer.

Many of these risks are outside the control of AUCyber and its Board. There can be no certainty that AUCyber will achieve its stated objectives or that any forward-looking statements will eventuate.

Additional risks and uncertainties not currently known to AUCyber may have a material adverse effect on AUCyber's business and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks that may affect AUCyber or the Shareholders.

Shareholders should read this Target's Statement in its entirety and carefully consider the risk factors described in section 5.5 of this Target's Statement together with the addition specific and general risks described below.

Specific Risks

(a) **Sustained losses and short operating history**

AUCyber has incurred regular operating losses since inception. AUCyber may not be able to achieve or maintain profitability or positive free cash flow in the near term if at all. Furthermore, AUCyber and its recently completed acquisitions does not have a long operational track record. As a result, the execution of AUCyber's business plan may take longer to achieve than planned and the costs of doing so may be higher than budgeted.

(b) **Changes to law or Government policy**

The storage of data, including the migration of systems to the cloud, for Governments and CNIs is a current focus of Government policy, which is evolving rapidly. As Government departments make the decision to transition legacy systems and datasets to third party hosted environments, including to the cloud, there is a growing focus on how Government agencies can ensure the security of that data. Rules and guidelines for Government departments and agencies in relation to outsourcing cloud functions, and the requirements of third party providers of those functions, have been developed, however there is no guarantee that the implementation of those rules and guidelines will occur in the manner currently anticipated by AUCyber. In addition, those rules and guidelines will likely be supplemented and varied over time. For example, AUCyber

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anticipates that those rules and guidelines will address the sovereign ownership of the service provider. While AUCyber has some capacity to predict policy developments, it is possible that policies will be implemented in the future that may preclude or hinder AUCyber's competition in the market for Government outsourcing of cloud services.

(c) **Authorisations and accreditations**

AUCyber relies on authorisations and accreditations to operate its business. In particular, AUCyber is required to be IRAP-accredited to provide its services to the Australian Government. IRAP is an ASD initiative. ASD endorses suitably qualified ICT professionals as IRAP assessors to provide relevant security services and highlight information security risks which aim to secure broader industry and Australian Government information (and associated) systems. The ACSC has also recently introduced a new Cloud Security Guidance and Cloud Assessment and Authorisation Framework. There is no guarantee that AUCyber will be able to obtain or retain the authorisations and accreditations it requires to compete in the market. Any failure by AUCyber to obtain additional authorisations or accreditations mandated by the Australian Government in the future would materially adversely affect AuCyber's operational and financial performance.

(d) **Funding and capital**

The continued growth of AUCyber relies on customer acquisition to continue to scale AUCyber's existing business. Capital is required to maintain and grow the existing technology platform. AUCyber requires sufficient access to capital to fund this expenditure. Failure to obtain capital on favourable terms may hinder AUCyber's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on the financial performance, position and growth prospects of AUCyber.

AUCyber's continued ability to implement its business plan effectively over time may depend in part on its ability to raise future funds. There is no assurance that additional funds will be available in the future, and/or be secured on reasonable commercial terms. If adequate funds are not available or not available on reasonable commercial terms in the future, then AUCyber may not be able to take advantage of investment opportunities, make strategic acquisitions, develop new ideas or otherwise respond to competitive pressures.

(e) **Interruptions to operations, including infrastructure and technology failure**

AUCyber could be exposed to short, medium or long-term interruptions to its services, some of which is provided by third parties. AUCyber may be unable to deliver a service as a result of numerous factors, including:

- human error;
- power loss;
- improper maintenance by entities not related to AUCyber;
- physical or electronic security breaches;
- fire, earthquake, hurricane, flood and other natural disasters;
- water damage;
- intentional damage to the networks from vandalism;
- accidental damage to the networks from civil works;
- war, terrorism and any related conflicts or similar events worldwide; and
- sabotage and vandalism.

(f) **Relationships with key intellectual property licensors and technology**

AUCyber relies on relationships with key intellectual property licensors and technology partners, from whom it licenses the right to use particular intellectual property and technology. AUCyber's ability to offer its services is dependent on its ability to use particular intellectual property and technology, and any change

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in the ability to use or protect the intellectual property AUCyber relies on may have an effect on AUCyber's future financial performance and position.

(g) **Acquisition and integration risk**

AUCyber completed the four-way merger of AUCloud, PCG Cyber, Venn IT and Arado businesses in May 2024. Whilst these businesses have largely now been integrated, the performance of the newly formed group remains below expectations at the time of the acquisitions. Despite due diligence undertaken at the time of the acquisitions and integration efforts completed to date, there remains a risk that the initial assumptions and expectations in respect of these acquisitions will not be realised over the medium to longer term.

(h) **Unforeseen liabilities**

Despite due diligence undertaken at the time of the acquisitions and integration completed to date, there remains a risk that the benefits expected to be derived from the acquisitions may not be delivered. Furthermore, there remains a risk that potential issues are more significant than was initially assessed, or that the protections sought were insufficient to mitigate those potential issues, resulting in losses to AUCyber. There is also a risk that the due diligence investigations did not identify all issues that would have been material to the decision by AUCyber to undertake the acquisitions. Any such failure to identify these issues could have a detrimental impact on the financial performance of AUCyber or its operations.

(i) **Concentration of customer base and nature of customer contracts**

AUCyber has a relatively concentrated customer base. If AUCyber was to lose one or more of its key customers, AUCyber's business and financial condition could be adversely impacted. Many of AUCyber's customer contracts are relatively short-term in nature, subject to renewal risks. If one or more of these customer contracts is not renewed upon expiry and/or AUCyber is unable to add new customers, its business, financial condition and financial performance could be adversely impacted in the future.

(j) **Customer friendly contract terms**

AUCyber has entered into customer contracts with Government clients and sophisticated corporate groups. Some of these contracts are on customer friendly terms and contain relatively short notice periods. Termination of any of these material contracts by the relevant counterparty may adversely affect AUCyber's financial position.

(k) **Loss of key personnel**

Following the recent announcement of the resignation and subsequent termination of the Managing Director and CEO, AUCyber is currently operating without a permanent CEO. Ms Cathie Reid (Executive Chair) has assumed the CEO duties on an interim basis, pending the appointment of a permanent CEO replacement. The timing of such appointment is currently uncertain.

There is a risk of an unintended loss of key staff following the recently completed acquisitions and announcement of the resignation and subsequent termination of the Managing Director and CEO. The loss of key members of the management team, or any delay in their replacement, may adversely affect the AUCyber's ability to implement its strategies and its future financial performance.

AUCyber's business is dependent on attracting and retaining highly skilled and experienced employees. It is essential that appropriately skilled staff be available in sufficient numbers to support AUCyber's business. AUCyber requires staff to have a variety of skills and expertise, some of which are niche specialities in which there are limited practitioners available for recruitment. AUCyber's ability to attract and retain employees in a cost effective manner is subject to external

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factors such as unemployment rates, prevailing wage legislation and changing demographics in its operating markets. Changes that adversely impact AUCyber's ability to attract and retain quality employees could materially adversely affect AUCyber's future financial performance and position.

General Risks

(l) **Litigation risks**

Like any commercial enterprise, AUCyber is exposed to litigation risks including, without limitation, claims in respect of contractual dealings with third parties and in respect of statutory liability. Any such claim or dispute may, if proven, impact adversely on AUCyber's operations, financial performance and financial position.

(m) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on AUCyber's activities, as well as on its ability to fund those activities.

(n) **Market conditions**

Share market conditions may affect the value of AUCyber's quoted securities regardless of AUCyber's operating performance. Share market conditions are affected by many factors such as:

(i) general economic outlook;

(ii) introduction of tax reform or other new legislation;

(iii) interest rates and inflation rates;

(iv) changes in investor sentiment toward particular market sectors;

(v) the demand for, and supply of, capital; and

(vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither AUCyber nor the Directors warrant the future performance of AUCyber or any return on an investment in AUCyber.

(o) **Taxation**

The holding or disposal of Shares will have tax consequences which may differ depending on the individual financial affairs of each AUCyber Shareholder. All Shareholders are urged to obtain independent financial advice about the consequences of holding or disposing of Shares from a taxation viewpoint and generally.

(p) **Insurance risks**

AUCyber carries insurance policies relevant to its current level of operation and in accordance with industry practice. However, in certain circumstances, AUCyber's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of AUCyber.

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Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

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4. KEY FEATURES OF THE OFFER

4.1 Offer price payable to Shareholders who accept the Offer

Under the Offer, 5GN is offering Shareholders $0.11 (11 cents) cash per Share.

4.2 Offer Unconditional

There are no conditions attached to 5GN's Offer.

4.3 Offer Period

Unless 5GN's Offer is extended, it is open for acceptance until 4:00pm (Melbourne time) on 6 February 2025.

4.4 Variation of the Offer

Pursuant to the Corporations Act, 5GN may announce an extension to the Offer Period, or an increase in the Offer Price, at any time before the last five trading days on ASX before the end of the Offer Period.

If you accept the Offer or sell your Shares prior to any increase in the Offer Price, you will not receive any benefit if the Offer Price is subsequently increased.

An extension to the Offer Period may only be announced during those last five trading days of the Offer Period in limited circumstances prescribed by the Corporations Act, including if another person makes a rival takeover offer for your Shares.

In addition, there will be an automatic extension of the Offer Period if 5GN's voting power in AUCyber increases to more than 50% within the last 7 days of the Offer Period. In that event, the Offer Period is automatically extended so that it ends 14 days after 5GN's voting power first increases to more than 50%.

4.5 Withdrawal of Offer

5GN may not withdraw the Offer to the extent you have already accepted it. However, pursuant to the Corporations Act, 5GN may withdraw the Offer in respect of any unaccepted Offers in certain limited circumstances as prescribed by the Corporations Act. Further details are set out in section 13.11 of the Bidder's Statement.

4.6 Your ability to withdraw your acceptance

Once you have accepted the Offer you will be legally bound to sell those Shares and you cannot later withdraw your acceptance.

4.7 When you will receive payment of the Offer Price if you accept the Offer

The usual rules for settlement of transactions which occur on-market on ASX will apply in respect of 5GN's purchase of Shares on-market. Refer to section 5.3 of the Bidder's Statement for further details regarding timing for payment on acceptance.

4.8 Compulsory acquisition

Refer to the Bidder's Statement for information concerning 5GN's intentions in relation to compulsory acquisitions of Shares.

(a) **Compulsory acquisition within one month after the end of the Offer Period**

5GN would be entitled to compulsorily acquire any Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period:

(i) 5GN and its Associates acquire Relevant Interests in at least 90% (by number) of the Shares; and

(ii) 5GN and its Associates have acquired at least 75% (by number) of the Shares that 5GN offered to acquire (excluding Shares in which 5GN or its Associates had a Relevant Interest at the date of the Offer and also excluding Shares issued to an Associate of 5GN during the Offer Period).

If these thresholds are met and 5GN wishes to exercise its right to compulsorily acquire any outstanding Shares, 5GN will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Shareholders who have not accepted the Offer. Shareholders have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the procedure outlined in the Corporations Act, but a successful challenge will require the relevant Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Shares. If compulsory acquisition occurs, Shareholders who have their Shares compulsorily acquired are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

(b) **Alternative compulsory acquisition regime**

It is also possible that 5GN will, at some time during or after the end of the Offer Period, either alone or with its Related Bodies Corporate, hold full beneficial interests in at least 90% (by number) of all the Shares. 5GN would then have rights to compulsorily acquire all of the Shares that it does not own within six months of becoming the holder, either alone or with its Related Bodies Corporate, of full beneficial interests in 90% (by number) of all the Shares. The price which 5GN would have to pay to compulsorily acquire all of the remaining Shares under this alternative compulsory acquisition regime would have to be considered in a report of an independent expert.

Shareholders would have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the procedures outlined in the Corporations Act, but a challenge would require people who hold at least 10% of the Shares that are proposed to be the subject of the compulsory acquisition to object to the compulsory acquisition. If people holding such number of Shares object to the compulsory acquisition, and 5GN still wishes to proceed with the compulsory acquisition, 5GN would be required to establish to the satisfaction of a court that the terms of the compulsory acquisition represent 'fair value' for the Shares. In the absence of a challenge by people holding the requisite number of Shares, Shareholders who have their Shares compulsorily acquired under this procedure are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

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5. INFORMATION REGARDING AUCYBER

5.1 Background information on AUCyber

AUCyber was registered in November 2017 and was listed on ASX in December 2020, raising $20 million at $7.50 per Share, implying a market capitalisation of approximately $74.7 million at the issue price.[1] The Company's key objective at the time of listing was to deliver sovereign cloud services to the Australian Government and related industries.

The business was originally established to provide services in Australia similar to those provided by UKCloud, a sovereign IaaS provider to the UK Government. UKCloud was co-founded by Phil Dawson who was managing director of the Company on admission to ASX. In October 2024, the company changed its name from Sovereign Cloud Holdings Limited to AUCyber Limited.

As at 23 December 2024, there were approximately 1,380 AUCyber Shareholders.

The Company's principal activity is the provision of "cloud services" and "cyber security solutions", supporting Australia's leading organisations and Government agencies. AUCyber specialises in delivering data and security solutions to enhance compliance and overall security.

5.2 Corporate structure of AUCyber's group

AUCyber's corporate group structure is as follows as at the date of this Target's Statement:

Subsidiary	Entity type	% ownership by AUCyber	Country of registration	Jurisdiction of residency
Sovereign Cloud Australia Pty Ltd	Company	100%	Australia	Australia
AUCyber Pty Ltd	Company	100%	Australia	Australia
Venn IT Solutions Pty Ltd	Company	100%	Australia	Australia
PCG Cyber Pty Ltd	Company	100%	Australia	Australia

5.3 Financial results for FY24

The Group recorded a net loss for FY24 of $19.7 million (FY23: loss of $21.3 million). The decrease in loss was due to increased revenue through organic growth and two-months trading of certain entities acquired by AUCyber on 30 April 2024, a reduction in the underlying cost base of AUCyber prior to completion of the acquisitions, offset by an increase in one-off professional, restructuring and integration costs.

Revenue in FY24 was $10.8 million (FY23: $6.8 million). One-off project revenue reduced by $1.3 million in FY24 to $0.64 million. Excluding one-off revenue, the underlying AUCloud revenue, prior to the acquisitions, increased by $1.9 million (41%) through organic growth. The Group recorded $3.4 million revenue attributed to the acquired entities for two-months of trading. Total expenses in FY24 were $30.6 million (FY23: $28.1 million). The year-on-year comparison is not a like for like comparison due to the reduction in the underlying cost base of AUCyber pre-acquisition, then the merged cost base post acquisitions, and the subsequent integration activities and realised synergies.

[1] Issue price per Share adjusted to reflect the 1 for 10 consolidation which occurred in June 2024.

The Group's net asset position as at 30 June 2024 increased in FY24 by $17.8 million to $42.7 million, as a result of the acquisitions on 30 April 2024 and associated capital raising.

5.4 Strategy and future prospects

The Group's vision is to become Australia's preferred partner to Government & enterprise in cloud, data protection & cyber security. AUCyber's strategy is to build, partner or acquire capabilities to create a diversified cyber security and cloud solutions business with a national footprint, at scale.

The Group's strategy is being delivered through; integration of acquisitions, organic customer growth, effective partnerships and continuing to expand AUCyber product and service offerings. In FY24 AUCyber completed three strategically aligned acquisitions.

On 4 December 2024, AUCyber provided a trading update for the period 1 July 2024 to 31 October 2024. In that update, the Company stated that performance was below expectations with unaudited revenues 29% below the FY25 budget at $8.3m.

Revenues in the Cyber Security, Cloud Solutions and Managed Services businesses all fell short of expectations, principally due to slower than expected new customer uptake during the period of integration, in addition to recent customer churn. The Company also recorded an underlying EBITDA (loss) of $1.3m for the four-month period.

In light of the Company's year-to-date performance and the resignation of the CEO, the Board decided to withdraw its FY25 guidance.

AUCyber remains focused on becoming cash flow positive and profitable and continuing to execute on its strategy.

5.5 Key risks and risk management

The Company has a detailed risk management framework, that assesses the key financial and non-financial risks that have the potential, should they occur, to materially impact the Group and its ability to achieve its strategic objectives and long-term performance. The framework is integrated into the daily management of the business to ensure the oversight and management of business risks.

Listed below are relevant key risks for the AUCyber business identified in the framework:

Risk	Description
Financial performance	AUCyber requires sufficient cash to guarantee the continuation of its strategic initiatives. The Group may encounter challenges in realising it strategy along with potential difficulties such as severe liquidity or solvency issues, financial deficits, or financial turmoil, stemming from any shortcomings in the planning of implementation of its capital management. Adequate financial resources are essential for the Group to continue to invest in its products in the coming years.
Competitive landscape and actions of others	AUCyber operates in a competitive landscape alongside a number of other service providers with competing technologies, product offerings and geographic presence. These include a number of global IaaS providers which offer competing services to AUCyber on a global scale. Although AUCyber is in a niche market, and notwithstanding the barriers to entry in that market, AUCyber may face competition from new entrants and existing competitors who may have significant advantages, including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential customers or decision makers and greater financial,

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Risk	Description
	marketing and other resources. If competitor product offerings are perceived to be superior to AUCyber's, or competitors are able to compete effectively on price, AUCyber may lose existing or potential customers, incur costs to improve its network, or be forced to reduce prices.
Economic risk, including level of government spending	Cloud infrastructure hosting is somewhat insulated from economic risk. Firms need to continue to consume compute, storage and internet services in order to operate their own business. Firms can elect to substitute from procuring cloud solutions to investing in on-premises infrastructure; however, it can be a timely and costly exercise. The heightened growth of cyber-crime translates into the provision of solutions to protect, detect, and respond to cyber-crimes. Some firms embed that cost into the cost of doing business; for other firms it can be discretionary and vulnerable to shifts in economic circumstances. Generally, the Group is vulnerable to significant shifts in economic circumstances brought about by abrupt or extended economic downturns, which could have repercussions on customers' spending behaviour. The Group's customer base includes prominent entities such as public authorities and government departments in Australia and adjustments in the allocation of government funds or limitations on their spending capacity may have the potential to influence the Group's earnings.
Cyber risk	Given AUCyber's business model is premised on providing secure cloud services, any unauthorised access to customer data would severely prejudice AUCyber's reputation as a credible provider of such services to its targeted customers. While instances of "cyber-crime" are particularly damaging, other events, such as accidental loss of confidential data or experiencing significant network issues may also cause financial loss or reputational damage (or both). While AUCyber is particularly focused on mitigating the likelihood of cyber risk, given its business model, the consequences of the risk including the adverse effect on AUCyber's future financial performance and position, are potentially significant.
Change in technology	Demand for cloud services can change rapidly because of technological innovation, new product introductions, declining prices and evolving industry standards, amongst other factors. New solutions and new technology often render existing solutions and services obsolete, excessively costly, or otherwise unmarketable. As a result, the success of AUCyber depends on AUCyber being able to keep up with the latest technological progress and to develop or acquire and integrate new technologies into its product offering. Advances in technology also require AUCyber to commit resources to developing or acquiring and then deploying new technologies for use in operations.
Ability to source new talent and retain existing talent	AUCyber is dependent on attracting and retaining highly skilled and experienced employees. It is essential that appropriately skilled staff be available in sufficient numbers to support the business. AUCyber requires staff to have a variety of skills and expertise, some of which are niche specialities in which there are limited practitioners available for recruitment. AUCyber's

Risk	Description
	ability to attract and retain employees in a cost-effective manner is subject to external factors such as unemployment rates, prevailing wage legislation and changing demographics in its operating markets.

Further details of the risk management framework and processes are detailed in AUCyber's Corporate Governance Statement.

5.6 Directors of AUCyber

As at the date of this Target's Statement, the Directors of AUCyber are:

Name	Position within AUCyber
Ms Cathie Reid AM	Executive Chairman (Audit Committee & Remuneration and Nomination Committee)
Mr Ross Walker	Non-Executive Director (Audit Committee & Remuneration and Nomination Committee)
Mr Craig Scroggie	Non-Executive Director

5.7 Publicly available information about AUCyber

AUCyber is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, AUCyber is subject to the ASX Listing Rules which require continuous disclosure of any information AUCyber has that a reasonable person would expect to have a material effect on the price or value of its securities.

Copies of ASX announcements made by AUCyber are available on ASX's website at www.asx.com.au (ASX Code: CYB) or on the company's website at https://aucyber.com.au/.

5.8 Financial information and related matters

AUCyber's last published audited financial statements are for the financial year ended 30 June 2024 and were dated 26 August 2024 and lodged with ASX on 27 August 2024. Copies of AUCyber's Annual Report may be obtained from ASX's website at www.asx.com.au (ASX Code: CYB) or from the Company's website at https://aucyber.com.au/.

Shareholders will be notified through ASX upon the AUCyber's half-year report for the financial period ended 31 December 2024, which is expected to be released in late February 2025.

To the Directors' knowledge, there has not been any matter or circumstance, other than as announced to ASX since the release of the Annual Report for the financial year ended 30 June 2024 or referred to in this Target's Statement, that has significantly affected, or may significantly affect, the operations or the financial position of AUCyber, the results of operations of AUCyber, or the state of affairs of AUCyber in future financial years.

5.9 Forecast financial information for AUCyber

AUCyber has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. The AUCyber Directors have decided not to provide forecast financial information concerning the future financial performance AUCyber, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable to Shareholders.

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The financial performance of AUCyber in any period will be influenced by various factors that are outside the control of the AUCyber Directors and that cannot, at this time, be predicted with a high level of confidence.

5.10 5GN's current interests in AUCyber

As at 20 December 2024, 5GN has disclosed Voting Power in 17,562,221 Shares, representing approximately 10.74% of the AUCyber Shares on issue.

Further details regarding 5GN's interests in AUCyber can be found in section 8.5 of the Bidder's Statement and at www.asx.com.au.

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6. INFORMATION RELATING TO THE DIRECTORS

6.1 Interests and dealings in AUCyber securities

(a) Interests in AUCyber securities

As at the date of this Target's Statement, the Directors had the following Relevant Interests in Shares and Options:

Director	Shares[1]	Voting Power in AUCyber	AUCyber Options
Ms Cathie Reid AM[2]	12,407,769	7.59%	Nil
Mr Craig Scroggie[3]	Nil	0.00%	Nil
Mr Ross Walker	1,788,365	1.09%	Nil

Notes

1. The Company completed a share consolidation of 1 Share for every 10 Shares held on 7 June 2024.
2. Cathie Reid and her husband, Stuart Giles, each have a Relevant Interest in the Shares in the Company held by CUSP Holdings Pty Ltd (12,262,711 Shares) and SG03 Pty Ltd (145,058 Shares).
3. Craig Scroggie is the Chief Executive Officer and Managing Director of NEXTDC Limited, which through its wholly-owned subsidiary NEXTDC Ventures Holdings No. 1 Pty Ltd, owns 52,268,818 Shares. Mr Scroggie does not control NEXTDC Limited or NEXTDC Ventures Holdings No. 1 Pty Ltd, and therefore the voting interests of NEXTDC Ventures Holdings No. 1 Pty Ltd in AUCyber are not attributed to Mr Scroggie in this table.

(b) Dealings in AUCyber Securities

No Director has acquired or disposed of a Relevant Interest in AUCyber securities in the four-month period ending on the date immediately before the date of this Target's Statement.

6.2 Interests and dealings in 5GN securities

(a) Interests in 5GN securities

As at the date immediately before the date of this Target's Statement, no Director had a Relevant Interest in the securities of 5GN.

(b) Dealings in 5GN securities

No Director has acquired or disposed of a Relevant Interest in 5GN in the four-month period ending on the date immediately before the date of this Target's Statement.

6.3 Benefits and agreements

(a) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit which cannot be given without member approval under the Corporations Act in connection with the retirement of that person, or someone else, from a board or managerial office of AUCyber or related body corporate of AUCyber.

(b) **Agreements connected with or conditional on the Offer**

There are no agreements made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of interests in Options.

(c) **Benefits from 5GN**

None of the Directors have agreed to receive, or are entitled to receive, any benefit from 5GN which is conditional on, or is related to, the Offer, other than in their capacity as a holder of interests in Options.

(d) **Interests of directors in contracts with 5GN**

None of the Directors have any interest in any contract entered into by 5GN.

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7. ADDITIONAL INFORMATION

7.1 Effect of the takeover on AUCyber's senior employee and Director arrangements

None of the contractual arrangements between AUCyber and its senior employees or between AUCyber and the Directors are materially affected by a change in control of the Shares, if that occurs pursuant to the Offer.

7.2 Litigation

Notwithstanding that the Board is aware of several potential claims and disputes in respect of the recently acquired businesses, neither AUCyber nor any of its subsidiaries is currently named as a party in respect of any litigation.

7.3 AUCyber's issued securities

As at the date of this Target's Statement, AUCyber's issued equity securities consisted of:

(a) 163,563,360 Shares on issue.

(b) 8,529,999 Options on issue (CYBAC), all unquoted and exercisable at various prices by various expiry dates.

Of the Shares on issue, 21,166,667 Shares are subject to voluntary escrow: 11,666,667 of which cease on 30 April 2025 with the balance (9,500,000) on 30 April 2026. All Shares subject to escrow are eligible to participate in the Offer.

5GN's Offer is extended to any Shares that are issued on exercise of Options.

There are no other shares or other securities or options or performance rights or other instruments which are convertible into securities in AUCyber. There are no current offers or current agreements entered into by AUCyber to issue any other shares, securities, options or performance rights or other instruments.

7.4 Substantial holders

As at the date of this Target's Statement, the Board is aware from notices filed with ASX that the following persons have substantial holdings in AUCyber.

	Name of substantial holder	Number of Shares comprising substantial holding	% of total Shares
1.	NEXTDC Ventures Holdings No. 1 Pty Ltd	52,268,818	31.96%
2.	5G Networks Limited	17,562,221	10.74%
3.	CUSP Holdings Pty Ltd as trustee for the CUSP Unit Trust, SG03 Pty Ltd as trustee for the Enforcer Superfund, Cathie Reid, and Stuart Giles [(1)]	12,407,769	7.59%
4.	Partner Consulting Services Pty Ltd	8,333,333	5.09%

Notes

1. Cathie Reid and her husband, Stuart Giles, each have a Relevant Interest in the Shares in the Company held by CUSP Holdings Pty Ltd (12,262,711 Shares) and SG03 Pty Ltd (145,058 Shares).

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7.5 Continuous disclosure

AUCyber is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require AUCyber to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, AUCyber has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of the Shares.

Copies of the documents filed with ASX may be obtained from ASX's website at www.asx.com.au (ASX Code: CYB) or from AUCyber website at https://aucyber.com.au/. In addition, AUCyber will make copies of the following documents available for inspection at AUCyber's offices which are located at Level 38 Central Plaza One, 345 Queen Street, Brisbane QLD 4000 (between 9:00am and 5:00pm Brisbane time on Business Days):

(a) Annual Report for the financial year ended 30 June 2024, lodged with ASX on 27 August 2024; and

(b) any continuous disclosure document lodged by AUCyber with ASX between the lodgement of its Annual Report for the financial year ended 30 June 2024 and the date of this Target's Statement.

Copies of documents lodged with ASIC in relation to AUCyber may be obtained from, or inspected at, an ASIC office.

7.6 Consents

Each of the Directors has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, their written consent to be named in this Target's Statement in the form and context in which they are named.

Baker & McKenzie has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as legal adviser to AUCyber in the form and context in which it is named. Baker & McKenzie has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Latimer Partners Pty Ltd has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as financial adviser to AUCyber in the form and context in which it is named. Latimer Partners Pty Ltd has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

As permitted by ASIC Corporations (Takeover Bids) Instrument 2023/683, this Target's Statement contains statements which are made in documents lodged with ASIC or ASX. Pursuant to ASIC Corporations (Takeover Bids) Instrument 2023/683, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Target's Statement. If you would like to receive a copy of any of these documents, or the relevant parts of the documents containing the statements (free of charge), during the Offer Period, please contact AUCyber.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

(a) fairly representing what purports to be a statement made by an official person; or

(b) which are a correct and fair copy of, or extract from, what purports to be a public official document or a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target Statement's contains trading data sourced from CapitalIQ provided without its consent.

7.7 Regulatory and other approval, consent or waiver requirements

AUCyber has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the Offer, nor has AUCyber been granted any waivers from ASX in relation to the Offer.

7.8 No other material information

This Target's Statement is required to include all the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

(a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and

(b) only if the information is known to any director of AUCyber.

The Directors are of the opinion that the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

(a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);

(b) the information contained in AUCyber's releases to ASX, and in the documents lodged by AUCyber with ASIC before the date of this Target's Statement; and

(c) the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate. However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in the Bidder's Statement.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

(a) the nature of the Shares;

(b) the matters that shareholders may reasonably be expected to know;

(c) the fact that certain matters may reasonably be expected to be known to shareholders' professional advisers; and

(d) the time available to AUCyber to prepare this Target's Statement.

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8. GLOSSARY AND INTERPRETATION

8.1 Glossary

5GN means 5G Networks Limited ACN 073 716 793.

Announcement Date means 20 December 2024, being the day on which the Offer was announced by 5GN with ASX.

ASIC means Australian Securities & Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

AUCyber or the **Company** means AUCyber Limited ACN 622 728 189.

Bidder's Statement means the bidder's statement issued by 5GN under Part 6.5 Division 2 of the Corporations Act relating to the Offer, as released to ASX on 20 December 2024.

Board means the board of directors of AUCyber.

Brennan means Brennan VDI Pty Ltd ACN 125 976 007.

Broker means a person who is a share broker and a participant of CHESS.

CHESS means the Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia.

CHESS Holding means a holding of shares on the CHESS sub register of AUCyber.

Competing Takeover Proposal means the non-binding proposal by Brennan to acquire 100% of the ordinary shares in the Company at $0.14 (14 cents) cash per Share, and otherwise on the terms described in the AUCyber ASX announcement of 24 December 2024.

Controlling Participant means, in relation to shares in a CHESS Holding, the participant with whom the holder has a sponsorship agreement, as defined in the ASX Settlement Operating Rules, being the operating rules of ASX Settlement Pty Ltd (usually your broker).

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of AUCyber, and **Directors** means all of them.

Group means the Company and its subsidiaries.

Offer or **5GN's Offer** means the offer made by 5GN to acquire all of the Shares it does not already own for $0.11 (11 cents) cash per Share, as set out in the Bidder's Statement, as varied in accordance with the Corporations Act.

Offer Period means the period during which the Offer will remain open for acceptance.

Offer Price means $0.11 (11 cents) cash per Share under the Offer.

Option means an option to acquire a Share.

Related Bodies Corporate has the meaning given in the Corporations Act.

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Relevant Interest has the meaning given in section 608 and section 609 of the Corporations Act.

Share means a fully paid ordinary share in the capital of AUCyber.

Shareholder or **AUCyber Shareholder** means a person who is recorded in AUCyber's register of members as the holder of one or more Shares.

Target's Statement means this document, being the statement under Part 6.5 Division 3 of the Corporations Act issued by AUCyber in relation to the Offer.

8.2 Interpretation

In this Target's Statement:

(a) other words and phrases have the same meaning (if any) given to them in the Corporations Act except to the extent otherwise specified;

(b) words of any gender include all genders;

(c) words indicating the singular include the plural and vice versa;

(d) an expression indicating a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(e) a reference to a section, clause, annexure, attachment and schedule is a reference to a section of, clause of annexure of and an attachment and schedule to this Target's Statement except to the extent otherwise specified;

(f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;

(g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement;

(h) a reference to time is a reference to Sydney time unless otherwise indicated; and

(i) a reference to dollars, $, A$, AUD, cents and ¢ is a reference to the lawful currency of the Commonwealth of Australia unless otherwise stated.

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9. AUTHORISATION

This Target's Statement has been approved by a unanimous resolution passed by the Directors of AUCyber.

Signed for and on behalf of AUCyber Limited



Ms Cathie Reid AM
Executive Chair
AUCyber Limited

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