



21 April 2020

## 5G Networks Quarterly Activities and 4C

### Strong \$1.7m quarterly positive operating cash flow achieved

Continued strong operating cash flow performance, recording \$1.7m for the quarter. This significant growth was achieved through the migration of customers to high margin annuity services and synergy implementation. Year to date operating cashflow of \$4.9m (including \$941k of net interest costs).

### Further highlights for the quarter

- Growing cash balance of \$4.2m and an additional \$1.3m of available debt to fund targeted acquisitions.
- Consistent cash receipts of \$13m; with accelerated shift to higher margin annuity services
- Sales growth and pipeline remains strong with \$2.3m of new and re-signed revenue secured in the quarter and sales pipeline of \$8m at quarter end. Greater than 80% of revenue is contracted
- Reduction in operating costs due to ongoing cost synergy realisation
- Completion of cloud infrastructure investment to support customer shift to cloud solutions and enable self service and automation tools resulted in capital expenditure of \$780k. Cloud capex will continue to be driven by customer growth and demand
- Development of 5GN Cloud Federation with successful launch in April 2020, which provides connectivity to several market leading cloud providers for seamless access to hybrid, private and public cloud offerings
- Completed acquisition of North Sydney Data Centre with annualised revenue of \$1.3m and EBITDA of \$750k; brings 5GN combined capacity to 720 racks across owned and operated data centres in Melbourne, Sydney and Adelaide

# Quarterly Activities

## 5GN Cloud Federation

Successful launch of 5GN Cloud Federation in April 2020, which provides connectivity to several market leading cloud providers for seamless access to hybrid, private and public cloud offerings.

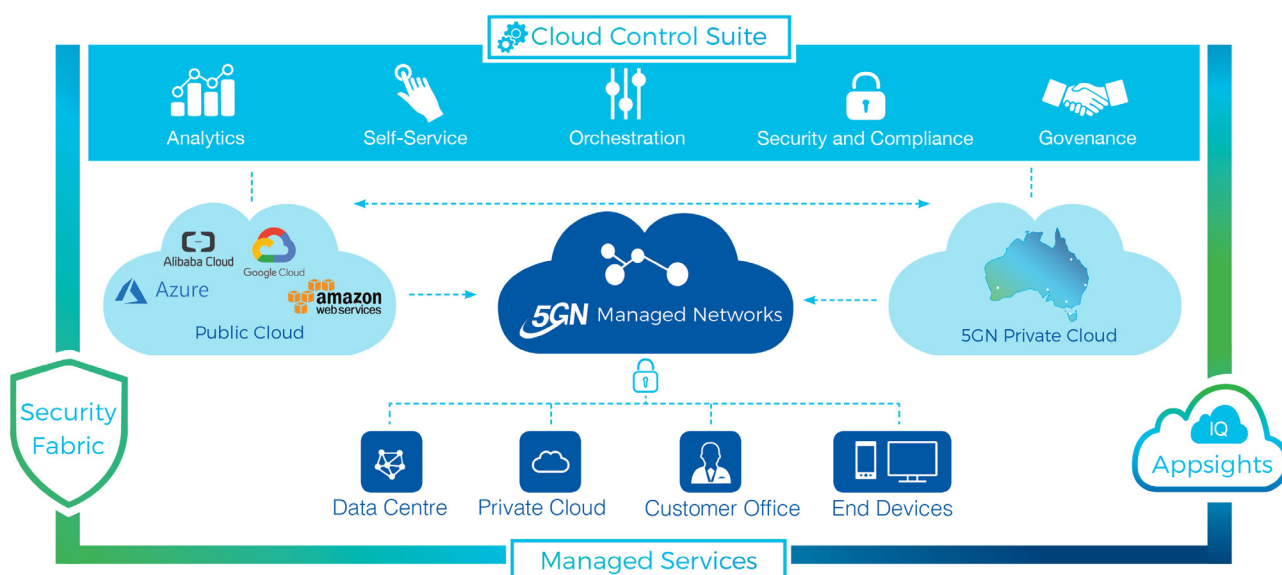


Figure 1: 5GN Cloud Federation

## Supporting customers through COVID-19 impact

5G Networks' data connectivity, cloud and data centre services, in addition to managed IT, are essential services for customers. The company is operating 'business as usual' to support its customers through this challenging time.

5G Networks is focussed on supporting its customers as they transition to a distributed workforce through the ongoing deployment of laptops, secure network technology and the increase of network and internet capacity. 5GN are proactively working with key customers to identify more efficient ways for delivering critical business applications to a remote workforce and support their ongoing business operations during this challenging situation.

5G Networks has significant network and data centre capacity to accommodate the increase in demand for these services and, importantly, our skilled workforce already utilises the latest technology and infrastructure to support working from home or remote locations.

Included within Item 6 of the attached Appendix 4C Cash Flow Report for the quarter ended 31 March 2020 (Payments to directors of the entity and their associates) are payments of fees of approximately \$139,000 to executive and non-executive directors, and payments to an entity associated with Mr Joe Demase of approximately \$30,000 for the design of marketing content for the Group.

# Quarterly Activities

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## About 5G Networks

5G Networks (5GN) is a licenced telecommunications carrier operating across Australia. Our mission is to be Australia's partner of choice for unifying a seamless digital experience for our customers across data connectivity, cloud and data centre services, underpinned by expert managed services in the business to business market.

5G Networks currently owns and operates its own nationwide high-speed data network with points of presence in all major Australian capital cities. In addition, the company offers managed cloud solutions through its cloud and data centre capabilities as well as managed services to optimise customers' IT and network environments. Supporting this is the company's combined rack capacity of 720 racks through its owned and operated data centres across Melbourne, Sydney and Adelaide.

As an organisation, we are dedicated and passionate about delivering unique value to our 2500+ customers which include several top 50 ASX listed and government organisations. This commitment is strengthened by a core focus on digital leadership, innovation and an exceptional customer experience.

## For further information contact:

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# Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00

Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity	ABN	Quarter ended ("current quarter")
5G Networks Limited	30 163 312 025	March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	13,007	41,085
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,429)	(15,645)
(c) advertising and marketing	(52)	(262)
(d) leased assets	-	-
(e) staff costs	(4,726)	(14,947)
(f) administration and corporate costs	(1,760)	(4,348)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	29
1.5 Interest and other costs of finance paid	(384)	(970)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,658</b>	<b>4,942</b>

# Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00

Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire		
(a) entities	(350)	(3,547)
(b) businesses	(367)	(367)
(c) property, plant and equipment	(780)	(2,121)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
<b>2.6 Net Cash from / (used in) investing activities</b>	<b>(1,497)</b>	<b>(6,035)</b>

# Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00

Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	150
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,500	2,040
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(20)	(45)
3.5	Proceeds from borrowings	906	1,785
3.6	Repayment of borrowings	(1,196)	(4,754)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(580)
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,190</b>	<b>(1,404)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,813	6,661
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,658	4,942
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,497)	(6,035)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,190	(1,404)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,164</b>	<b>4,164</b>

# Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00

Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous Quarter \$A'000
<b>5.</b>	<b>At the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>		
5.1	Bank balances	3,164	1,813
5.2	Call deposits	1,000	1,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,164</b>	<b>2,813</b>

Payments to directors of the entity and their associates		Current quarter \$A'000
<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	
6.1	Aggregate amount of payments to these parties included in item 1.2	163
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

# Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00

Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<b>7. Financing facilities</b>		
7.1 Loan facilities	6,450	5,163
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>6,450</b>	<b>5,163</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>1,287</b>
7.6 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.

The bank loan facility is provided by CBA and is secured with a floating charge over the Group's assets.



# Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00

Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Estimated cash available for future operating activities		\$A'000
<b>8.</b>	<b>Estimated cash available for future operating activities</b>	
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,658
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,164
8.3	Unused finance facilities available at quarter end (Item 7.5)	1,287
8.4	Total available funding (Item 8.2 + Item 8.3)	5,451
<b>8.5</b>	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>N/A*</b>

\* Note – positive operating cashflow therefore calculation is infinite.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

# Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00

Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: 21 April 2020  
Company Secretary

Authorised by: Glen Dymond  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.