



15 July 2020

5G Networks Quarterly Activities and 4C

Record \$2.6m quarterly positive operating cash flow achieved; an increase of 55% on previous quarter.

FY20 operating cashflow of \$7.5m (after \$1.27m of net interest costs), an increase of 700% on the previous year. This significant growth was achieved through the migration of customers to high margin annuity services and synergy implementation. Cash on hand of \$23.5m at end of quarter

Further highlights for the Quarter include:

- Strong financial position with funding for acquisitions and strategic capital expenditure following completion of \$18.2m Institutional Placement in June; strong demand for the Share Purchase Plan (SPP) (Closing date 17 July 2020)
- Acquisition of Colocation Australia (ColoAU), a wholesale service provider with extensive domestic and international capacity with over 100 racks of capacity on its network. ColoAu normalised revenue is \$4.2m and normalised EBITDA is \$0.7m with estimated synergies of \$0.5m to \$0.7m
- Fibre network expansion project will connect 67 Data Centres within CBD locations across the East Coast and Adelaide; additional to the 13 Data Centres already connected.
- Sales growth and pipeline remains strong with \$2.3m of new and re-signed revenue secured in the quarter and sales pipeline of \$7.8m at quarter end. New 5GN Cloud sales contributing to growth.
- Several projects and hardware sales signed in June to be delivered in 1HFY21
- Cash balance of \$23.5m including \$18.2m net Placement proceeds and an additional \$1.5m of available debt to fund targeted acquisitions.
- Consistent cash receipts of \$12.5m for the quarter and \$53.6m for FY20; shift to higher margin annuity services continues
- Capital expenditure of \$1.2m for the quarter, which directly supports the current rollout of fibre in Sydney CBD.

Appendix 4C

Payments to directors of the entity and their associates - Listing Rule 4.7C.3

Included within Item 6 of the attached Appendix 4C Cash Flow Report for the quarter ended 30 June 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 \$20,000 for the design of marketing materials for the Group.

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 highspeed Data Network with points of presence in all major Australian capital cities. In addition, the Company offers managed cloud solutions through its Cloud and Data Centre capabilities as well as managed services to optimise customers' IT and network environments. Supporting this is the Company's combined rack capacity of 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	June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12,506	53,591
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,823)	(19,468)
(c) advertising and marketing	(50)	(312)
(d) leased assets	-	-
(e) staff costs	(4,018)	(18,965)
(f) administration and corporate costs	(1,698)	(6,046)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	38
1.5 Interest and other costs of finance paid	(356)	(1,326)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	2,570	7,512

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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 (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire		
(a) entities	-	(3,547)
(b) businesses	(166)	(533)
(c) property, plant and equipment	(1,187)	(3,308)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net Cash from / (used in) investing activities	(1,353)	(7,388)

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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 (12 months) \$A'000
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	18,236	18,386
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	224	2,264
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(929)	(974)
3.5	Proceeds from borrowings	1,478	3,263
3.6	Repayment of borrowings	(1,638)	(6,392)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(580)
3.9	Other (provide details if material) Proceeds from applications for share purchase plan	763	763
3.12	Net cash from / (used in) financing activities	18,134	16,730

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	4,164	6,661
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,570	7,512
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,353)	(7,388)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	18,134	16,730
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	23,515	23,515

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5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	22,114	3,164
5.2	Call deposits	1,401	1,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	23,515	4,164

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A'000
(160)
-

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

7. Financing facilities available

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

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.3 Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
6,275	4,746
-	-
-	-
6,275	4,746

7.5 Unused financing facilities available at quarter end

1,529

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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

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8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	2,570
8.2	Cash and cash equivalents at quarter end (Item 4.6)	23,515
8.3	Unused finance facilities available at quarter end (Item 7.5)	1,529
8.4	Total available funding (Item 8.2 + Item 8.3)	25,044
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A*

*** 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:

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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.

Date: 15 July 2020

Authorised by: Glen Dymond – Company Secretary
(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 effect this has had on its cash position. An entity that wishes to disclose additional information over and 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.