



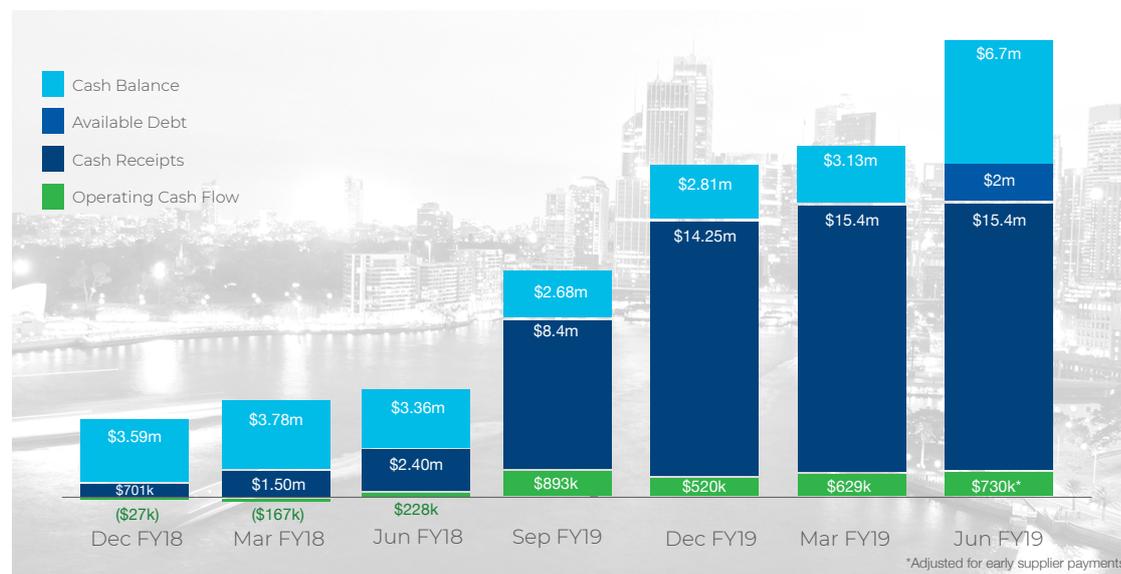
26 July 2019

## 5G Networks Quarterly Activities and 4C

Key highlights for the Quarter include:

- Sustained performance with quarterly cash receipts of \$15.4m; full year cash receipts greater than expected at \$53.6m, a total of \$30.8m in receipts for the second half compared to the first half of \$22.65m.
- \$7m of new and re-signed revenue secured in Q4 demonstrates continued customer commitment and expansion of services.
- 5G Networks well positioned with strong cash balance of \$6.7m and \$2m of available debt to target selected acquisitions.
- Successful completion of capital raising of \$8m in Q4 that was well supported by institutional investors.
- Adjusted positive net operational cash flow of \$730k excludes advance supplier payments relating to timing incentives, rebates and acquisition costs.
- Fibre network throughout Melbourne continues to grow with 11km of fibre installed and under construction, now passing over 500 buildings in the Melbourne CBD and inner Metropolitan areas.
- System automation and implementation progressing to plan, in conjunction with product development initiatives.
- Integration of the Melbourne Data Centre (MDC) acquisition completed.

### 5GN Quarter by Quarter Cash Flow Performance



# Appendix 4C

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## Sustained growth in quarterly cash receipts

5GN achieved continued growth across cash balance, cash receipts and operating cash flow with annual cash receipts of \$53.6m; compared to the previous year of \$5.6m. Cash Receipts of \$15.4m for Q4 matched the previous corresponding period.

To achieve supplier incentives and rebates, an additional advanced payment of \$1.6m was made at the end of Q4. Excluding this payment and \$201k in acquisition costs the positive net operational cash flow totalled \$730k for the quarter; other abnormal payments included \$120k of leave entitlements to employees exiting the Company during Q4. Underpinning this, Q3 supplier liabilities of \$6.6m decreased by \$3m in the quarter.

## Sales strategy success demonstrated by \$7m in new and re-signed revenue

A number of our largest clients have committed and re-signed during this quarter whilst expanding the services they utilise with 5GN. The retention of these customers will underpin organic growth as the Company continues to execute the cross and upsell of its core product suite; a key foundation to the success and maturity of the 5GN sales strategy.

## Strong Cash Balance for Acquisitions

With targeted acquisitions high on the agenda and the ability to utilise a combination of existing cash and debt totalling \$8.7m, the Company is in a strong position to execute strategic acquisitions. Evaluation of many targets continues, with data centres in Sydney a key focus to continue infrastructure expansion. 5GN is also evaluating a number of managed cloud providers in Sydney and Brisbane.

## Melbourne network rollout progressing to plan

Capital expenditure of \$487k for Q4 was driven by customer led fibre network expansion. In addition to the Company's launch of the National MPLS Network in March 2019, the Melbourne fibre network deployment has continued with over 11km of fibre installed and under construction, now passing over 500 buildings in the Melbourne CBD and inner metropolitan areas. Augmenting the existing fibre infrastructure is the growing 5GN wireless network, which now has expanded coverage including Mulgrave, Dandenong, Port Melbourne and Sunshine. With a strong core network in place, the Company has begun to migrate customers from 3rd party data links onto the 5GN managed network services to drive cost reductions and improved profitability across its core offerings.

## System automation and implementation progressing in conjunction with product development

During the quarter we completed the implementation of Salesforce, the launch of a new single 5GN website and completed several internal projects around system integration. The Company is now focused on the launch of its 'Cloud Port' product; a software defined solution with intra and interstate data centre connectivity which currently links over 11 data centres nationally with rapid expansion to continue.

# Appendix 4C

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5G Networks, Managing Director Joe Demase said,

*“As we complete the financial year I am extremely pleased with the growth achieved in a short period of time. The team has worked extremely hard to integrate the acquisitions in addition to streamlining our systems, which allows us to continue our process automation. We will continue to target strategic acquisitions that will utilise our existing infrastructure of network, cloud and data centre capacity with the focus on growing our EBITDA margin.”*

## For further information contact:

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## About 5G Networks

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

As an organisation, we are dedicated and passionate about delivering unique value to our 2000+ 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.

5G Networks currently owns and operates its own Nationwide highspeed MPLS 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.

# 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 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	15,396	53,564
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(9,574)	(29,394)
(c) advertising and marketing	(45)	(230)
(d) leased assets	-	-
(e) staff costs	(5,323)	(18,608)
(f) administration and corporate costs	(1,283)	(3,890)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	17
1.5 Interest and other costs of finance paid	(286)	(1,019)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	501
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,101)</b>	<b>941</b>

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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
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire		
(a) property, plant and equipment	(487)	(1,200)
(b) businesses (see item 10)	(869)	(2,569)
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(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	-	-
<b>2.6 Net Cash from / (used in) investing activities</b>	<b>(1,356)</b>	<b>(3,769)</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 (12 months) \$A'000
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	8,000	8,500
3.2 Proceeds from issue of convertible notes	-	500
3.3 Proceeds from exercise of share options	24	24
3.4 Transaction costs related to issues of shares, convertible notes or options	(429)	(422)
3.5 Proceeds from borrowings	75	3,825
3.6 Repayment of borrowings	(536)	(4,449)
3.7 Repayment of convertible notes	-	(500)
3.8 Transaction costs related to loans and borrowings	-	(180)
3.9 Repayment of lease liabilities	(1,146)	(1,146)
3.10 Dividends paid	-	-
3.11 Other (provide details if material)	-	-
<b>3.12 Net cash from / (used in) financing activities</b>	<b>5,988</b>	<b>6,132</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4. 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	3,130	3,357
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,101)	941
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,356)	(3,769)
4.4 Net cash from / (used in) financing activities (item 3.12 above)	5,988	6,132
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>6,661</b>	<b>6,661</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

<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous Quarter \$A'000</b>
5.1 Bank balances	2,031	2,205
5.2 Call deposits	4,630	925
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,661</b>	<b>3,130</b>

### 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
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
(128)
-

### 7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</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

### 8. Financing facilities available

*Add notes as necessary for an understanding of the position*

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7,150	5,266
-	-
-	-

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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(9,024)
9.3 Advertising and marketing	(64)
9.4 Leased assets	-
9.5 Staff costs	(4,909)
9.6 Administration and corporate costs	(981)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(14,979)</b>

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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

10. Acquisitions and disposals of business entities (items 2.1 (b) and 2.2 (b) above)	Acquisitions	Disposals
10.1 Name of entity	Melbourne Data Centre	-
10.2 Place of incorporation or registration	Melbourne, Australia	-
10.3 Consideration for acquisition or disposal (cash and share-based consideration)	\$869,381	-
10.4 Total net assets	(\$1,779,381)	-
10.5 Nature of business	Provider of data centre services	-

## 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: XX July 2019  
(Director/Company secretary)

Print name: Geoffrey Nicholas

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

