30 October 2020

United Networks ASX:UNL Quarterly Activity Report Q1 FY2021

United Networks Limited (ASX:UNL) ("United Networks" or "the Company") is pleased to announce the results for Q1 FY2021 (September quarter). The business activities of the company for the quarter remain significantly unchanged.

Highlights For Q1 FY2021

- Revenue of 3.5M for the quarter, a 16% increase on the corresponding period in FY20
- EBITDA result of $0.537 for the quarter.
- Two earnings accretive strategic acquisitions completed in the quarter.
- Proceeds from run rate sales to key enterprise accounts resulted in $0.2M in cash to be received in Q2

Key Cash Outcomes

- The net operating cash flow for Q1 FY21 was a surplus of $0.257M (excludes $0.2M cash from Key account wins to be received in early November 2020).
- Two strategic acquisitions completed in the quarter for a total expenditure of $0.780M funded from cash balances
- As a result of funding acquisitions from cash, the total net cash flow for the business was down $0.629M leaving a 2020 Q1 cash balance of $2.270M
- Subsequent to Q1, to fund strategic acquisitions and organic growth over FY2021, the Company completed a successful equity raise of $5M in October.

Operating Cash Flow

Key operating cash flow expenditures during the quarter comprised of:

- Product manufacturing and operating expenditure of $1.693M
- Advertising and marketing expenditure of $0.346M
- Staff related expenditure of $1.543M
- Administration and Corporate expenditure of $0.366M
- Interest and finance expenditure $0.004M

Payments to directors of the entity and their associates

Included in Item 6.1 of the Appendix 4C $186K paid to directors of the company and their associates. The details of these payments are:

- Payments to directors of $185K for salaries, bonuses, superannuation and director fees
- Payments to related parties of $1K relate to interest on loans.

Shares Subject to Voluntary Escrow

As required by Listing Rule 4.10.14, UNL provides the following additional information as at 25 September 2020 (being the date of UNL's Annual Report):

Number of Ordinary Shares under escrow	Date of expiry of escrow	Total number of shares on issue at 30 October 2020
266,554,433	21 October 2020	476,923,032

United Networks CEO Victor Tsaccounis said, "I'm pleased with the start we've had to the year. We're on track to achieve our growth ambitions and momentum continues to build into the second quarter. We continue to grow the business organically by building on our key accounts, cross selling, extending our value-add product range and tight cost management as well as and through accretive acquisitions. I look forward to keeping the market informed as we continue to build our business organically and through accretive acquisitions."

This announcement is authorised for release to the market by UNL Chief Executive Officer, Victor Tsaccounis.

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Note: Earnings Disclosure & Disclaimer

This update may contain forward-looking statements. Whilst United Networks has no reason to believe that any such statements are either false, misleading or incorrect. It cannot and does not warrant or guarantee that through either the passage of time or actions beyond the control of United Networks they will not become so. You should act and you must refrain from acting in reliance on any of this material. Nothing contained in this presentation constitutes investment, legal, tax or other advice. This overview of United Networks does not purport to be all-inclusive or to contain all information which its recipients may require in order to make an informed assessment of the Company's prospects

Rule 4.7B

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity		
United Networks Limited		
ABN		**Quarter ended ("current quarter")**
60 607 921 246		30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	3,824	3,824
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(1,693)	(1,693)
	(c) advertising and marketing	(346)	(346)
	(d) leased assets	-	-
	(e) staff costs	(1,543)	(1,543)
	(f) administration and corporate costs	(366)	(366)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(4)	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Government grants - COVID 19 stimulus	384	384
1.9	**Net cash from / (used in) operating activities**	**257**	**257**

2	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	(780)	(780)
	(c) property, plant and equipment	(31)	(31)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
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 - Acquisition-related costs	-	-
2.6	**Net cash from / (used in) investing activities**	**(811)**	**(811)**

3	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(32)	(32)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid to the shareholders of Broadland Solutions Pty Ltd prior to the acquisition	(43)	(43)
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(75)**	**(75)**

4	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,899	2,899
4.2	Net cash from / (used in) operating activities (item 1.9 above)	257	257
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(811)	(811)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(75)	(75)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**2,270**	**2,270**

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	2,270	2,899
5.2	Call deposits	-	-
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)**	**2,270**	**2,899**

6	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	186
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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** 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.	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	96	96
7.2	Credit standby arrangements	-	-
7.3	Other - invoice purchase facilities	-	-
7.4	**Total financing facilities**	**96**	**96**
7.5	**Unused financing facilities available at quarter end**		**-**
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 loan facility is with related party ULG Holdings Limited and secured by a general security agreement. Interest is charged as the base rate equal to the bid rate for bills plus a margin of 3%.		

8	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	257
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,270
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,270
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	-
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:	

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: …………………………………………………..

The Board
Authorised by: …………………………………………………….
(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.