

22 September 2023

Market Announcement



Company Announcements Office
Australian Securities Exchange

Debt & Share Offer

Netlinkz Limited (ASX: NET) (Netlinkz or Company) is pleased offer Shareholders who are sophisticated & professional investors as defined in s708 of the *Corporations Act 2001* (Cth) the opportunity to participate in a debt and share offer as outlined in the attached documents.

Documents will be mailed and emailed to shareholders today.

This notice has been approved for release by the Board of Netlinkz Limited.

Guy Robertson
Company Secretary
Netlinkz Limited
grobertson@netlinkz.com



Dear Shareholder

On behalf of the Board of Netlinkz Limited (**Netlinkz** or the **Company**), I am pleased to advise you of a capital raising the Company is undertaking to fund its initiatives over the next 24 months.

Shareholders will be aware of Netlinkz product development and marketing activities over the last twelve months which include engagement with SpaceX as a global distributor/reseller of the “enterprise” Starlink satellite transponder and related sales and partnership arrangements with HGC Global of Hong Kong, ALT Communications of Bangkok, Spark New Zealand and PT&T of the Philippines.

The company is supported locally and globally by specialist communications service providers several of which have significant scale and experience in the field of telecommunication and satellite communication.

Enclosed is a video link presentation (<https://vimeo.com/864186581?share=copy>) that outlines the Company’s strategic initiatives including its two key channels to market.

The first is the Starlink global reselling opportunity. Netlinkz has been appointed a global reseller for Starlink’s enterprise satellite broadband services which allows Netlinkz to sell the broadband services into 72 countries. More importantly Netlinkz will sell its Virtual Secure Network (**VSN**) as part of the broadband services. The VSN will provide cybersecurity and enhance network performance as well as allowing remote access from anywhere in the world without compromising security. Currently, Starlink broadband does not provide cybersecurity to users.

The second opportunity is the Netlinkz partnership with Hutchinson Global Communication (**HGC**) to deliver a Network as a Service (**NaaS**) offering to enterprises around the world. HGC is providing Netlinkz with 26 data centre locations around the world as well as access to all its optic fibre cable as the infrastructure to power the NaaS. The NaaS is all VSN technology which Netlinkz has developed over the last 4 years.

More importantly both of these opportunities are channels to market selling the VSN as part of a broadband solution to enterprises all around the world. Netlinkz has started selling Starlink and has generated \$1m in revenue in the June 2023 quarter.

Why will enterprise customers buy VSN bundled with broadband?

1. It’s an encrypted invisible network that has never been breached (or hacked).
2. VSN is being delivered as a NaaS which is a subscription-based service paid monthly or quarterly with no big capital expenditure of costs for users upfront. VSN is agnostic to the underlying infrastructure or cloud service.

3. It allows enterprises to use any cloud service and to mix and match cloud services to suit their budget and corporate objectives. It gives enterprises the flexibility and independence from using a single cloud service.
4. VSN secures all devices and all points in the network. More importantly it encrypts and secures all data transmission from device to device and fixed locations including the cloud.
5. ISO certification.
6. ESG friendly. Being software, VSN is friendly to the environment and allows ESG points for the enterprise.
7. Performance. Unlike other network security solutions, VSN doesn't create latency. It reduces latency significantly for a cloud-based network because it's a single product - not a combination of many products including hardware bundled as SD WAN or SASse.

As result of these initiatives Netlinkz is currently establishing a significant presence in Thailand, the Philippines, Pakistan, Brazil, Houston, and Dubai to provide direct local and regional services to the global partner network (established over the last 9 months) and their enterprise customers.

Thailand is becoming a manufacturing hub for Asia because of its low-cost base and easy access to ports. Many global enterprises are shifting their manufacturing out of China to Thailand, these include Foxconn, Apple, Samsung, and many others. Netlinkz is launching the NaaS with HGC in Thailand in October 2023.

To consolidate and drive these sales channels for both the Secure Network product and the high performance Starlink internet terminal the company seeks to raise funds to retire existing debt with replacement funding at attractive interest rates. In addition, the Company will retire the short-term debt which was used to purchase Starlink satellite receptors which is now sitting as inventory (asset) of the company.

The decision to raise debt instead of equity is based on the low share price which was driven by an institutional investor selling aggressively its position as part of a structured facility.

Furthermore, as announced on 9 May 2022, the Company entered into a loan facility of up to \$10 million to be provided by Booker Super Services Pty Ltd (ACN 168 645 789) (**Booker Super**) a company owned by Non-Executive Director, Mr Grant Booker. As at the date of this letter the Company has drawn down \$3,250,000, under the facility. The Company has been informed by Booker Super that it will be unable to provide additional funding under the facility and as such the Company intends to agree to its termination.

Investment Opportunity

The Company is proposing to enter into a second senior note facility (**Second Senior Note Facility**) with shareholders who are sophisticated and professional investors to raise up to \$12 million through the issuance of notes (**Notes**) to repay existing short-term debt and replace it with longer term debt plus further working capital including to fund expansion of Netlinkz' global Starlink satellite and NaaS business into Southeast Asia, MENA, South America and other international markets.

The material terms of the Second Senior Note Facility are as follows:

Second Senior Note Facility Terms	
Subscribers	Only shareholders of Netlinkz who are sophisticated & professional investors as defined in s708 Corporations Act 2001 (Cth).
Status and Ranking	The Notes will rank as second senior unsecured and unsubordinated obligations of the Company.
Facility Limit	Up to \$12,000,000
Minimum Commitment	\$20,000
Maturity	12 months from the initial drawdown date with Noteholder option to extend for a further 6 months.
Repayment	Repayable at Maturity unless repaid early in accordance with this Term Sheet.
Early Repayment Fee	2% of the Repayment amount payable if the Company elects to repay the Notes within 12 months of the initial drawdown date.
Drawdowns	\$6m drawn at settlement and \$6m drawn on 1 December 2023.
Interest Rate	The Notes will pay a return of 18% p.a. payable in cash quarterly in arrears.
Noteholder Shares	The Subscribers will be issued shares pro-rata to their Commitment from a pool of 50,000,000 shares at a deemed issued price of \$0.01. Noteholder Shares will be issued subject to shareholder approval. All Noteholder Shares will be escrowed until 31 December 2023
Offer period	This offer will remain open until 15 October 2023, will be available on a first come first served basis, and will close once filled.

This is a very exciting time for the Company as it enters a significant revenue and profit growth phase of its journey.

Please find attached:

- A. The term sheet for the Second Senior Note Facility.
- B. Subscription Application (to be returned to accounts@netlinkz.com)

Following receipt of application form the Company will provide a long form Deed for execution. If you have any questions, please contact Ian Hamilton or Peter Gray who will assist with your queries.


James Tsiolis
Chief Executive Officer and Managing Director
Netlinkz Limited

Ian Hamilton – M: 0403 994 327 E: ian.hamilton@scmlgroup.com

Peter Gray – M: 0481 580 733 E: pgray@netlinkz.com

TERM SHEET



This term sheet has been prepared in connection with a proposed funding transaction for Netlinkz Limited (ACN: 141 509 426) and outlines the key commercial terms and conditions for the Facilities. Neither this Term Sheet nor the delivery of the Term Sheet constitutes a commitment by Netlinkz or any of their affiliates. This Term Sheet is provided subject to legal advice, due diligence and all necessary approvals including final approval by the subscribers and satisfactory transaction documentation. Offer for the Facilities is to Shareholders of Netlinkz who are also Sophisticated & Professional Investors only as defined in s708 Corporations Act 2001 (Cth), with allocation amongst such investors to be at the discretion of the Company. This potential transaction is being considered by Netlinkz on an unsolicited and exploratory basis only. Should a commitment be forthcoming Netlinkz may be required to make an announcement to the ASX as part of its continuous disclosure obligations under the ASX listing rules.

AUD \$12 million Senior Note Facility

Offer Details	
Issuer	Netlinkz Limited 141 509 426 “Netlinkz” or “the Company” ASX CODE: “NET”.
Obligor Group	Netlinkz Limited and all of its Domestic Subsidiaries including: <ul style="list-style-type: none">- Netlinkz Global Services (Aust &NZ) Pty Ltd; and- Netlinkz Technology Pty Ltd; and- SSI Pacific Pty Ltd; and together with International Subsidiary: <ul style="list-style-type: none">- AOFA Software and Engineering Technology Co. (China).
Subscribers	Shareholders of Netlinkz who are also Sophisticated & Professional Investors, as defined in s708 Corporations Act 2001 (Cth), to be determined by the Company.
Facility Type	Senior Note issuance facility (“Notes”).
Status and Ranking	The Notes will rank as senior unsecured and unsubordinated obligations of the Issuer.
Facility Limit	Up to AUD\$12m.
Minimum Commitment	AUD\$20,000.
Purpose	Repayment of existing short-term debt and replacement with longer term debt plus working capital including to fund expansion of Netlinkz’ global Starlink satellite and NaaS business into Southeast Asia, MENA, South America and other international markets.
Maturity	12 months from the initial drawdown date with Noteholder option to extend for a further 6 months.
Repayment	Repayable at Maturity unless repaid early in accordance with this Term Sheet.
Early Repayment Fee	2% of the repayment amount payable if Netlinkz elects to repay the Notes within 12 months of the drawdown initial draw down date.
Drawdowns	\$6m drawn at settlement and \$6m drawn on 1 December 2023.
Interest Rate	The Notes will pay a return of 18% p.a. payable in cash quarterly in arrears.
Noteholder Shares	The Subscribers will be issued shares pro-rata to their Commitment from a pool of 50,000,000 fully paid ordinary shares at a deemed issued price of \$0.01. Noteholder Shares will be issued after the receipt of shareholder approval.
Transferability	The Notes will not be transferable.
Covenants	Maintenance of status of NET as an ASX listed entity. Non disposal of material assets.

TERM SHEET

Security	<ol style="list-style-type: none"> 1. Interlocking cross guarantees from the Issuer and Domestic Subsidiaries; and 2. Security over Starlink equipment (to a minimum value of \$3m) by way of PPSR registration
Transaction Documents	Note issuance deed Deed of Acknowledgement PPSR together with any other requirements of the Subscribers.
Additional debt or equity funding	The Company reserves the right to source additional debt and/or equity funding.
Events of Default	<p>Non-payment Breach of covenants Cross default Enforcement against assets Insolvency/winding-up/creditor arrangement Cessation of business</p> <p>In the event of a Default, the Issuer will have a grace period of 30 days to remedy the default (other than insolvency and Cross-Default in which case no grace period shall apply) or repay the facility, after which the Security may be enforced.</p>
Governing Law	The facility and this Term Sheet are governed by the laws of New South Wales.
Conditions Precedent	<ol style="list-style-type: none"> 1. Satisfactory legal and other due diligence by the Subscribers 2. Documentation and Securities to be determined to be in order. 3. All necessary internal corporate approvals of the Subscribers (including approval of their respective investment committees and satisfactory completion of all relevant know-your-customer checks).
Representations and Warranties	Standard representations and warranties for a financing of this type in respect of the Issuer and Obligor Group.
Taxes	All amounts payable by the Issuer, or any other Obligor under the Facility shall be made without withholding or deduction for or on account of any taxes, duties, or governmental charges ("Withholdings and Deductions"). In the event that any Withholdings and Deductions should be imposed or levied in respect of the Facility, the Issuer will make such additional payments to the Subscribers as are necessary for the Subscribers to receive those amounts as though such Facility Withholdings and Deductions had not been made. It is intended that participation in the Facility will be offered in a manner that satisfies the public offer test set out in section 128F of the Income Tax Assessment Act 1936.
Expenses and Indemnification	The Issuer will pay all costs, expenses, and fees, including but not limited to legal fees, stamp duty and other due diligence fees for third parties retained with the Subscribers consent, incurred by the Arranger or the Subscribers in connection with the negotiation, investigation and documentation associated with the establishment of the Facility. Any such costs will first be agreed by the Issuer in writing and fee quotes obtained by service providers based on agreed scope, assumptions, timetable and documentation requirements.
Confidentiality	<p>No party to this Term Sheet may disclose the confidential information of another party (which includes the information provided as part of the due diligence assessment and the proposed transaction) to any other person or entity except subject to usual exceptions including:</p> <ol style="list-style-type: none"> 1. With the consent of the party whose confidential information it is. 2. As required by law or an applicable stock exchange; or <p>to its professional advisers and employees for the purpose of due diligence and negotiating the Transaction Documents, on the basis that they keep the information confidential.</p>
Legal Effect	Except for Confidentiality, this Term Sheet is not legally binding on any party and any issuance or subscription is subject to acceptance and execution of definitive Transaction Documents.

5. I/we will not offer any of the Shares for sale to any person within 12 months from the date of issue of the Shares (“Offer”) unless:
- 5.1 the Company lodges a cleansing notice or prospectus with the Australian Securities Exchange (“ASX”) in accordance with section 708A of the Corporations Act;
 - 5.2 the Offer does not require disclosure as a result of section 708 of the Corporations Act (excluding section 708(1) of the Corporations Act);
 - 5.3 the Offer is made pursuant to a disclosure document in accordance with the Corporations Act; or
 - 5.4 the Offer is received by a person outside Australia.

Return of the Application Form and payment of the Application Monies will constitute your agreement to subscribe for Notes in the Company.

Guide to the Application Form

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars in the correct forms of registrable titles to use on the Application Form are contained in the table below.

- A Insert the value of Notes you wish to apply for.
- B Insert the relevant amount of Application Monies.
- C Write the full name you wish to appear on the statement of debt and shareholding. This must be either your own name or the name of a company. Up to three joint Applicant/s may register. You should refer to the table below for the correct forms of registrable title. Applicant/s using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that presently registered in the CHES system.
- D Enter your Tax File Number (TFN) or exemption category. Where applicable please enter the TFN for each joint Applicant. Collection of TFNs is authorized by taxation laws. Quotation for your TFN is not compulsory and will not affect your Application.
- E Please enter your postal address for all correspondence. All communications to you from the Company and/or Share Registry will be mailed to the person(s) and address as shown. For Joint Applicant/s, only one address can be entered.
- F Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G The Company participates in CHES, operated by the ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited. In CHES, the Company operates an electronic CHES sub register of securities holdings and an electronic issuer sponsored sub register of securities holdings. Together the two sub registers will make up the Company’s principal register of securities. The Company will not be issuing certificates to Applicant/s in respect of securities allotted.

If you are CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHES sub register, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you.

- H Please complete cheque details as requested.

Make your cheque payable to “Netlinkz Limited” in Australian currency and cross it “Not Negotiable”. Your cheque must be drawn on an Australian Bank.

The amount should be consistent with the amount shown in section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

For funds transfer/EFT:

Netlinkz Limited
Westpac Banking Corporation

BSB 036306
Account No. 487 311
SWIFT Code: WPACAU2S
Ref: Applicant name

Please contemporaneously email pgray@netlinkz.com

Lodgement of Applications

Return your completed Application Form and details of EFT made to:

pgray@netlinkz.com

Enquiries in respect of this Application Form should be addressed to Mr Peter Gray by telephone on +61 481 580 733 or email pgray@netlinkz.com

Application Forms must be received no later than 5pm AEST on 16 October 2023 and funds transferred by 4pm AEST on 18 October 2023.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual - Use Names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company - Use Company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates - Use executor(s) person name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of Late John Smith
Partnerships - Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son