

30 April 2018

## **APPENDIX 4C: QUARTERLY CASH FLOW REPORT AND COMMENTARY FOR THE QUARTER ENDED 31 MARCH 2018**

**30 April 2018:** Netlinkz Ltd (ASX:NET) ('Netlinkz' or the 'Company'), today lodged its Appendix 4C quarterly report of cashflows for the quarter ended 31<sup>st</sup> March 2018 with the Australian Securities Exchange (ASX).

### **Operating Activities:**

Netlinkz reported a cash balance of \$0.786 million at 31 March 2018.

Net operating cashflow for the quarter was \$1.0 million (previous quarter \$1.92 million) reflecting the ongoing development and commercialisation of the Company's software (Virtual Invisible Network; known as VIN) and the global market expansion, predominantly in China.

During this quarter, Netlinkz continued the ongoing development and further enhancements of the software and saw the CEO, James Tsiolis travel to China to establish another distribution agreement with one of the largest suppliers of Wi-Fi services in Suzhou with over 200 sites.

On 28 March 2018, the Company announced that China Telecom Nanjing is working towards integrating the VIN and VSP products into China Telecom's proprietary CRM system making sales and support far more efficient and in turn will see Netlinkz increase sales within the network.

### **Placement**

Cash inflows during this quarter were \$1.21 million from gross proceeds from the placement of 60 million shares on 12 January 2018 and 7 March 2018 at 2 and 2.16 cents from professional and sophisticated investors.

Post the EGM, proposed to be held early June 2018, it is anticipated that there will be a further capital raise before the end of Q4 from strategic sophisticated investors of up to \$3 million.

### **Cash flows for Q4 FY2018**

In Quarter 4 Netlinkz will receive their R&D refund of approx. \$340,000 in line with the past R&D claims. Cash outflows in Q4 2018 will reflect a deployment of the software (VIN) through the China Telecom sales force in Wuxi and other provinces. A Lab in Wuxi has now been established to assist with sales and support in the region. The development of Version 2 of the software will see it offer more features including scale and greater connectivity with devices.

From May 2018 onwards IT Development & Sales costs will largely be absorbed by the Chinese reseller pursuant to the license agreement between the reseller and Netlinkz. Given the significant partnership with China Telecom and the ever-expanding demand in China, localising the development team was essential.

---

Sales of the product through China Telecom are now being rolled out regularly and will see Netlinkz continue to generate income from the product in this coming quarter.

### **Finance Facilities**

Netlinkz has not drawn on the QMAC facility this quarter.

### **US Subsidiary – iWebgate Corp (iWebgate)**

During the quarter, Netlinkz discontinued operations of its US subsidiary, and was formally dissolved on 13 February 2018. The Company's lawyers are currently carrying out post-dissolution activities in order to finalise the winding up.

The Appendix 4C is attached.

**-END-**

### **Forward-Looking Statements**

*This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning NET's potential business development, corporate activities and any, and all, statements that are not historical facts. When used in this document, words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should" and similar expressions are forward-looking statements. NET believes that its forward-looking statements are reasonable; however, forward-looking statements involve risks and uncertainties and no assurance can be given that actual future results will be consistent with these forward-looking statements. All figures presented in this document are unaudited and this document does not contain any forecasts of profitability or loss.*

**For more information, please contact:**

**James Tsiolis**

Non-Executive Director

[JTsiolis@netlinkz.com](mailto:JTsiolis@netlinkz.com)

### **About NetLinkz Limited**

Netlinkz provides secure and efficient cloud network solutions and is the world's only fully meshed peer-to-peer network provider. The company's technology makes Fortune-500 security commercially available for organizations of all sizes. Netlinkz has received numerous industry awards for its technology, including being a worldwide winner of the Global Security Challenge.

## 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**

NetLinkz Limited

**ABN**

55 141 509 426

**Quarter ended ("current quarter")**

31 March 2018

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		18	(9)
1.2 Payments for			
(a) research and development		(296)	(374)
(b) product manufacturing and operating costs		-	-
(c) advertising and marketing		(221)	(278)
(d) leased assets		-	-
(e) staff costs (other employment costs)		(42)	(102)
(f) administration and corporate costs		(132)	(463)
		(365)	(688)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		1	1
1.5 Interest and other costs of finance (paid) / received		-	57
1.6 Income taxes paid/ GST Refunds		34	34
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	(1,430)
- Office costs		-	(89)
- Travel costs		-	(242)
- Other (restructuring & Perth office)		-	(469)
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(1,003)</b>	<b>(4,053)</b>

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) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	(124)	(294)
(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 (provide details if material)	8	(301)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(116)</b>	<b>(595)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	1,213	3,331
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(106)	(238)
3.5 Proceeds from borrowings	-	705
3.6 Repayment of borrowings	-	(90)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	8	1,782
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,115</b>	<b>5,490</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	790	33
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,003)	(4,142)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(116)	(595)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,115	5,490
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>786</b>	<b>786</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	786	790
5.2	Call deposits	-	-
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>786</b>	<b>790</b>

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
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	

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
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>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	9,200	3,162
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.		

<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Research and development	240
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	150
9.4	Leased assets	-
9.5	Staff costs (other employment costs)	-
9.6	Administration and Corporate costs	154 173
9.7	Other (provide details if material)	
	- ATO & OSR	88
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>806</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### 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:

(Director)

Date: 30 April 2018

Print name:

James Tsiolis

### 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.