



14 April 2020

## **Business Update & Guidance Maintained**

### **Highlights**

- NetLinkz remains in a strong financial position with A\$3 million in cash and cash equivalents
- The Company reiterates its previously announced revenue forecast for CY20 of A\$15.3 million
- NetLinkz has adopted remote working with all engineers, tech and administration staff working remotely
- The COVID-19 situation has not impacted on the Company's Chinese operations, with personnel now moving back to the Beijing IoT lab
- Cost cutting initiatives introduced including reduction in Management salaries and Board fees and lower Australian Corporate Head Office costs
- Integration of Security Software International Pacific Pty Ltd into the NetLinkz Group has been completed successfully

**NetLinkz Limited (ASX: NET) ('NetLinkz' or 'Company')** provides the following update to the market on its activities and response and impact of the coronavirus (COVID-19) on its Australian and International operations.

### **COVID-19 Response**

The Company is carefully monitoring the ongoing COVID-19 situation and has implemented measures across its Australian and Chinese operations to protect its team while also maintaining normal activity as much as possible. All engineers, tech and administration staff have been and will continue to work remotely. Staff employed at the Beijing IoT lab who were previously working remotely are beginning to move back to working on site as China eases lockdown restrictions, and the Company expects staff to be fully on site by late April.

The COVID -19 work from home initiatives instituted by the majority of businesses has seen an increased interest in the company's products to provide secure remote work solutions.

### **Financial position**

NetLinkz remains in a strong financial position with A\$3 million in cash and cash equivalents on NetLinkz's balance sheet as at 31 March 2020. This will allow the Company to continue its commercialisation strategy in Australia, China and Japan.

However, given the uncertain duration of the ongoing COVID-19 situation, the Board felt it prudent to reduce costs. Accordingly, NetLinkz has implemented cost cutting initiatives including Directors and Executives of the group accepting salary cuts of 50% for the next six months.



NetLinkz has funded its Chinese operations for the next 18 months, with a total of RMB 17,600,000 (A\$ 4.1m), with RMB 12,900,000 (A\$3.0 million) transferred to AOFA Software Engineering (Shanghai) Co. Ltd, (WFOE) and RMB 4,700,000 (A\$1.1 million) used to capitalise iLinkAll (Beijing iLinkAll Science and Technology Co, Ltd.) NetLinkz's 80% owned Joint Venture with iSoftStone.

As a result of phase 1 of product development in the Beijing IoT Lab being completed ahead of schedule (December 2020) , product development costs have been reduced by 30% effective May 1, 2020

The Company reiterates that it expects to meet or exceed its previously announced revenue guidance for CY20 of A\$15.3 million. The Company has banked in excess of A\$2.0 million in sales revenue in Q1 2020.

#### **Integration of Security Software International (SSI) Pacific Pty Ltd ('SSI')**

The integration of SSI is now complete, with SSI generating revenues of A\$760,000 over January and February 2020.

Key staff and executives of SSI have also been integrated into the NetLinkz Group team. Mr Samuel Py, previously CEO of SSI, has been appointed CEO of NetLinkz Australia & New Zealand, while Mr Stephan Molle, CTO of SSI, is now Chief Technical Officer of NetLinkz Australia & New Zealand. James Tsiolis remains Executive Chairman and CEO of Netlinkz Group.

James Tsiolis, CEO and Chairman of Netlinkz, has approved the release of this document to the market.

**\*\*\*ENDS\*\*\***

**James Tsiolis**  
Executive Chairman

[jtsiolis@Netlinkz.com](mailto:jtsiolis@Netlinkz.com)  
+ 61 2 9329 9701

**Ian Hamilton**  
Investor Relations

[ihamilton@netlinkz.com](mailto:ihamilton@netlinkz.com)  
+61 403 994 327

**Jack Gordon**  
Citadel-MAGNUS

[jgordon@citadelmagnus.com](mailto:jgordon@citadelmagnus.com)  
+61 2 8234 0116

#### **About NetLinkz Limited**

NetLinkz provides secure and efficient cloud network solutions. The Company's technology makes Fortune-500 security commercially available for organisations of all sizes. NetLinkz has received numerous industry awards for its technology, including being a worldwide winner of the Global Security Challenge.



[www.netlinkz.com](http://www.netlinkz.com)

### **Forward-looking statements**

This announcement includes certain forward-looking statements, including statements regarding our intent, belief or current expectations with respect to NetLinkz's business and operations, market conditions, results of operations and financial condition, and risk-management practices. Words such as 'expect', 'project', 'foresee', 'plan', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' and similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Although NetLinkz believes that the expectations reflected in such forward looking statements are reasonable, these forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. These statements are based upon a number of estimates and assumptions that, while considered reasonable by NetLinkz, are inherently subject to significant uncertainties and contingencies, many of which are outside the control of NetLinkz, involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements on certain assumptions, which may prove to be incorrect. Actual results, performance, actions and developments of NetLinkz may differ materially from those expressed or implied by the forward-looking statements in this presentation.