

1 August 2022



Netlinkz

Market Announcement

Netlinkz Limited secures A\$20.5 million via equity placement facility

Highlights

- Equity facility of up to A\$20.5 million
- Facility to be available for a term of 3 years
- Facility terms are arms length and commercial
- Funds raised under the facility will be used to accelerate distribution and partnerships in key markets
- Facility is in addition to the A\$10m debt facility Netlinkz received from Booker Super Services details of which were announced to the ASX on 9 May 2022.

Netlinkz Limited ACN 141 509 426 (ASX: NET) (**Netlinkz or Company**) is pleased to advise that it has today entered into an equity facility agreement with an existing shareholder of the Company, Regal Funds Management Pty Limited ACN 107 576 821 as trustee for certain of its investment funds (**Investor**), for an amount up to A\$20.5 million (**Facility Agreement**).

During the term of the Facility Agreement, the Company may, at any time, notify the Investor that it requires funding (**Drawdown Request**), with such funding being provided in return for an equity placement of ordinary shares in the Company (**Shares**) to the Investor (**Placement**). Funding must be provided by the Investor no later than the date which is 22 trading days after the date of the relevant Drawdown Request (**Settlement Date**). The maximum number of Shares which may be issued under the Facility Agreement is 440,000,000 Shares (approximately representing the Company's available placement capacity under ASX Listing Rule 7.1 as at the date of entry into the Facility Agreement).

Key terms of the Facility Agreement are set out below.

Netlinkz CEO James Tsiolis commented *"this facility supplements the debt facility obtained by Netlinkz and announced to the market on 9 May 2022¹ and provides Netlinkz with a flexible form of funding to facilitate its revenue growth in key markets over an extended period."*

The Company is expanding its sales channels in China by entering into new distribution arrangements that are opening new market opportunities for VSN. For the MENA region Netlinkz has entered into a partnership with Empact Consulting W.L.L., Qatar, an IT Consulting and Systems integrations business with offices throughout MENA, to start sales of and provide customer support for VSN in the region. As the Company has done in China it is establishing a VSN incubator in Doha to localise the VSN. An office and entity have also been established in Pakistan as the Company finalises distribution and sales channels in this area.

¹ See ASX Release 9 June 2022 "Netlinkz Secures \$10m Facility 9 May 2022".

Netlinkz has recently acquired 100% of SouthCloud Holdings Pty Limited and its subsidiary SouthCloud Pty Ltd for an amount of approximately A\$0.18m and the capitalisation of its loan of approximately A\$1.2 million. SouthCloud provides an exciting channel to market and currently supports the VSN in Australia through strategic partnerships.

Key terms of the Facility Agreement

The key terms of the Facility Agreement are as follows:

- **Total amount available under the Facility Agreement:** A\$20,500,000
- **Investor:** Regal Funds Management Limited ACN 107 576 821 as trustee for certain of its investment funds
- **Maturity Date:** 36 months from date of the Facility Agreement.
- **Drawdown Request:** Drawdown Request must be made in increments of A\$1,000,000 (except that the final Drawdown Request, which is to be made once A\$20,000,000 has been drawn-down, is to be made in increments of A\$500,000), with a drawdown period which is 22 trading days after the date of the relevant Drawdown Request (**Drawdown Period**) and only one Drawdown Request possible in any one Drawdown Period.
- **Equity placements:** Funding the subject of a Drawdown Request will be provided by way of a Placement of Shares. Funding must be provided by the Investor no later than the Settlement Date. Shares issued under the Placement will rank equally with all existing Shares on issue in the Company with effect from their date of issue.
- **Price per Share:** For each Placement, Shares will be issued at an issue price per Share which is the lower of:
 - a volume weighted average price based on the sale of Shares on ASX during the 10 trading days prior to a Settlement Date; and
 - the closing price of a Share as traded on ASX on the trading day prior to a Settlement Date,less a discount of 7%.
- **Issue of reserve Shares:** the Company may, in certain circumstances and subject to the requirements of the *Corporations Act 2001* (Cth), the ASX Listing Rules and the Facility Agreement, issue such number of Shares (**Reserve Shares**) to the Investor to enable the Investor to satisfy the full amount of a Drawdown Request.
- **Cap on issue of Shares under the Facility Agreement:** The maximum number of Shares which may be issued under the Facility Agreement is 440,000,000 Shares (approximately representing the Company's available placement capacity under ASX Listing Rule 7.1 as at the date of entry into the Facility Agreement).
- **Termination:** Either party may terminate the Facility Agreement in certain circumstances (such as breach of an obligation owed by the party under the Facility Agreement or insolvency of a party) on 14 days written notice to the other party.
- **Undertakings:** the Company has agreed that during the term of the Facility Agreement and other than in respect of an entitlement offer or a share purchase plan, it will not solicit, negotiate, or enter into any equity financing arrangements during the period

commencing on the date of a Drawdown Request Form and ending 10 Trading Days after the issuance of Drawdown Shares unless it has first obtained the Investor's consent to do so.

- **Representations and warranties:** Standard representations and warranties have been provided by the parties in the Facility Agreement.

This announcement has been approved by the Board of Netlinkz Limited.

Guy Robertson
Company Secretary
Netlinkz Limited