

## Netlinkz Limited (ASX:NET)

ASX Announcement | 31 January 2024

## Quarterly Activities Report for period ended 31 December 2023

### Investment highlights

- Group revenue for the December quarter of \$7.4 million was a 23% increase over the previous quarter, and a 27.5% increase over the 2022 December quarter.
- Satellites Division (Starlink) sales for the quarter contributed \$2.6 million a 37% increase over the prior quarter.
- Diversification of revenue continuing to increase.
- Ex-China recurring revenue for the Group increasing to in excess of three hundred thousand dollars per month.
- Offices opened in Thailand, Malaysia, Pakistan, Chile and in progress in Dubai and Philippines
- Operational systems completed to support growing business
- Further investment in customer delivery and customer services to support continued growth
- Additional funding secured via a secured debt facility in the amount of \$3 million

**Netlinkz Limited (ASX:NET) (“Netlinkz” or “the Company”)** is pleased to provide its Appendix 4C for the quarter ended 31 December 2023 (December quarter) along with the following operational update for its key business divisions.

### Sales

1. China revenue for the quarter was \$4.0m in line with expectations despite the challenging economic environment facing corporates.
  - a. Revenue from Managed services and Cloud Services is stable.
  - b. Revenue from China Telecom services is stable.
  - c. VSN revenue continues to increase.
2. SSI total revenue for the quarter \$0.8m
  - a. Telecommunications were the key drivers of revenue.
  - b. Lawful interception, security and data management services continue to grow.
3. Starlink total revenue for the quarter \$2.6m
  - a. South Americas
    - i. Netlinkz has established an operation in Chile and has started supplying a major LATAM Telco with the Starlink 5G internet connectivity that is being installed on prefabricated Telco towers and helicoptered into remote locations to satisfy the Telco's regulatory coverage requirements at a significantly lower cost than a fibre connection or existing 4G infrastructure.
    - ii. The customer has embarked on significant proof of concept (POC) testing and Starlink has exceeded their expectations. Further orders are in the pipeline and testing is underway in neighbouring Colombia with this customer and another larger Telco via our LATAM partner Telespazio.
  - b. South East Asia
    - i. There is significant appetite for the Starlink service in the region to service the large young population in these countries with many in remote areas. The demand for Maritime

connectivity is also a large market with major shipping routes and ports servicing extensive shipping fleets.

- ii. The company has established a presence in the Philippines with PT&T and has commenced testing with selected customers ahead of incorporating Netlinkz Philippines to deliver the Starlink services with required Government regulatory approvals.
- iii. Malaysia continues to offer an enormous opportunity and the company is working with LNS and its customers to establish POC testing and “Use Cases” whilst the company gains regulatory approval for Starlink services in Malaysia.
- iv. Thailand is being established as the hub for the region. A Netlinkz entity has been established in Thailand with an investment in infrastructure and logistics capability to service the region.
- v. Maritime proof of concept tests are being conducted in the region with Global shipping fleets in ports that have delivery access for Starlink Satellite hardware kits.

c. Australia and New Zealand

- i. The customer base in Australia continues to grow with Corporate and Government clients having concluded their due diligence and testing of the product and are now into the acquisition and installation phase.
- ii. Several of our partner agents are involved in emergency services and government tenders that are expected to be awarded in first quarter of 2024.
- iii. Spark NZ is deploying Starlink to its NZ corporate and emergency services customer base and is reporting a high degree of customer satisfaction with the Starlink product. Further orders have begun in 2024 to satisfy the demand in New Zealand.
- iv. The Starlink strategy is well supported by the operational and logistics backbone that Netlinkz is developing to ensure a seamless customer experience no matter the geographic location.
- v. Continuing to work with Dipole in developing the product and customer facing capabilities including VSN.

## Operations

Over the last three months the focus has been on developing and implementing systems to better manage the business. Below is a compilation of the activities.

## Client Services

1. Integrated customer invoicing launched 1 December 2023 providing the following benefits:
  - a. improving the automation of volume subscription billing.
  - b. contractual compliance catering for the nuance of multi-geo considerations.
  - c. managing key aspects of operations and client experience outlined below.
2. 24x7 client support service launch - 1 October offering staffed, global coverage to partners and clients for a range of technical, billing, and general enquiries, with escalation protocols for incident management. Weekly training continues for staff on Netlinkz products to upskill and mature the capability.
3. Global Supply Chain Model Implementation
  - a. access to in-country warehousing, inventory management technology and freight forwarding capability.
  - b. recruitment of an experienced Supply Chain Lead, a new role, to manage end to end customer fulfilment.
  - c. integration of the inventory technology and the automation of customer tracking and delivery notifications.

4. Introduction of more rigorous client onboarding and transition process to ensure accurate capture of client information, particularly regarding the establishment of working with new partners and joint ventures. A new role of Transition Manager, which commenced in November, will bring discipline to contractual documentation, communication, and relationship focus during the onboarding process.
5. Documentation of business process mapping enabling transformation initiatives and ability to scale. Detailed business process maps have been converted into system workflows and standard operating procedures to safeguard an operating platform of customer success and compliance.

## Legal

1. Establishment of new operating entities
  - a. Thailand – complete
  - b. Malaysia – complete
  - c. Philippines – Term Sheet for the establishment of Joint Venture with PT & T completed
2. Services agreements executed with key service providers:
  - a. TechSpecialist (outsourced IT)
  - b. Converged Cloud (Contact Centre and Support Services)
  - c. LogikFreight – global warehousing and logistics services
  - d. Partale – Human Resources
  - e. OneBill – integrated invoicing solution
  - f. Dipole – Developing Services Agreement for Network Access services (Starlink & South Cloud) Support
3. Development of business model for distribution channels
  - a. defined, documented, and implemented six contracting models for the Netlinkz business covering brokerage, agency and partnership business models.
  - b. definition of operating model and rules of engagement with brokers agents working model substantially complete, now in refinement phase
  - c. MOUs for partner relationships
  - d. Created process for supporting Due Diligence for Netlinkz when entering new markets.
4. IP
  - a. Trademarks
    - Applications filed for new marks (e.g. Neuro Smartcloud, Southcloud) in Australia (and some in Asia)
    - responding to IPA Examiner comments (e.g. Netlinkz logo) – in progress
  - b. Patents
    - application for new patent (NeuroSmartcloud) – in progress
    - renewal of family of existing patents – in progress
  - c. Development of strategy for trademarks and patents – in progress (will be part of overall corporate organisation and business optimisation strategy – in progress)

## Product Development

1. New website completed and ready for public release and launch.
2. Secure File exchange product design progressing.
3. Planning for Medical POC continuing to commence CY H1'24.

## Funding

As announced on 28 December 2023, a \$3m secured debt facility was finalised. Tranche 1 provided funding of \$2.1m before 31 December 2023, with the balance received by end of January 2024.

**Quarterly cash flow report for entities  
subject to Listing Rule 4.7B**

**Name of Entity: Netlinkz Limited**

**ABN: 55 141 509 426**

**Quarter ended ("current quarter"): 31 December 2023**

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	5,019	11,043
1.2	Payments for		
	research and development	(752)	(1,079)
	product manufacturing and operating costs	(3,694)	(6,497)
	advertising and marketing	(194)	(269)
	leased assets	(46)	(82)
	staff costs	(1,094)	(2,218)
	administration and corporate costs	(2,932)	(5,105)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	(392)	(513)
1.6	Income taxes paid	(38)	(129)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	(26)	(43)
1.9	Net cash used in operating activities	(4,147)	(4,890)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	a) entities	-	-
	b) businesses	-	-
	c) property, plant and equipment	(39)	(45)
	d) investments	-	-
	e) intellectual property	-	-
	f) other non-current assets	-	-
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 (provide details if material)	-	(8)
2.6	Net cash from / (used in) investing activities	(39)	(53)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	2,250	2,250
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(135)	(135)
3.5	Proceeds from borrowings	5,225	6,285
3.6	Repayment of borrowings	(1,700)	(2,000)
3.7	Transaction costs related to loans and borrowings	(315)	(375)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	38	12
3.10	Net cash from / (used in) financing activities	5,363	6,037

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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 period	590	715
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,147)	(4,890)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(39)	(53)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,363	6,037
4.5	Effect of movement in exchange rates on cash held	(56)	(98)
4.6	Cash and cash equivalents at end of period	1,711	1,711

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	1,711	590
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)	1,711	590

6.	Payments to related parties 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	199
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Amounts shown in item 6.1 relate to remuneration payments made to Directors.		

## CONSOLIDATED STATEMENT OF CASH FLOWS

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	12,480	11,535
7.2	Credit standby arrangements	-	-
7.3	Other (Regal)*	4,000	4,000
7.4	Total financing facilities	16,480	15,535
7.5	Unused financing facilities available at quarter end		945
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.		

See ASX Announcement 9 May 2022 – Lender Booker Super Services Pty Ltd, initial interest rate 6.8%, adjusted by increases in cash rate by Reserve Bank of Australia. The facility is unsecured, with a maturity date of 30 June 2025 has an outstanding balance of \$3.25m. The loan balance will not be repaid early, and maintains its existing maturity date of 30 June 2025.

The Company entered an unsecured short-term facility of \$2.0m provided by Juel Finance Pty Ltd to fund equipment purchases from Starlink Internet Services Pte Limited, at an interest rate of 20% per annum. The facility is unsecured, with a maturity date of 15 January 2024.

The Company entered a short-term loan arrangement for \$2.0m with AFSG Capital Pty Ltd to fund equipment purchases from Starlink Internet Services Pte Limited, at an interest rate of 30% per annum. The facility was fully repaid during the quarter ended 31 December 2023. A separate loan agreement for \$0.5m was entered in to with AFSG Capital Pty Ltd during the quarter.

During September 2023, the Company entered into short-term loan arrangements for \$1.0m with various lenders to fund working capital. The loans are unsecured and due for repayment after 3 months.

See ASX announcement 22 September 2023. The Company entered a Second Senior Note Facility and raised \$2.7m.

See ASX Announcement 28 December 2023. The Company entered into loan agreements with a variety of lenders with a total facility value of \$3m. \$2.055m had been received at 31 December 2023.

\*See ASX Announcement 1 August 2022. The Company entered an equity facility agreement with Regal Funds Management Pty Limited (Regal) for an amount up to \$20.5m. The facility is for a period of 3 years, with terms as outlined in the ASX announcement. As at 31 December 2023 the Company continued to be in discussion with Regal on the use of the facility going forward. Therefore, the undrawn value of the facility has not been included as part of unused financing facilities available at quarter end.



8.	<b>Estimated cash available for future operating activities</b>	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,147)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,711
8.3	Unused finance facilities available at quarter end (item 7.5)	945
8.4	Total available funding (item 8.2 + item 8.3)	2,656
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.64
	Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 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: No. The Company's revenues are increasing. Outflows in the quarter were impacted by product development costs, including Starlink Portal development, new billing system and integration with Xero, website development, integration of new logistics platform into existing systems to create a seamless global supply chain.	
	8.6.2 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: Yes. The Company is monitoring its funding and is considering debt and equity options.	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Yes. With growth in revenues (recurring), reduced product development, cash generation from run-down of inventories, the Company will be able to continue operations and meet its business objectives.	
	Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.	

---

COMPLIANCE STATEMENT been prepared in accordance with accounting standards and policies which

1 comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

31 January 2024

Authorised by: The Board



**For further information, please contact:**

**Netlinkz Limited**

**James Tsiolis**

**Managing Director & CEO**

T: + 61 (2) 9329 9700

E: [jtsiolis@netlinkz.com](mailto:jtsiolis@netlinkz.com)

**Media & Investor Enquiries**

**The Capital Network**

**Julia Maguire**

T: +61 2 8999 3699

E: [julia@thecapitalnetwork.com.au](mailto:julia@thecapitalnetwork.com.au)

**About Netlinkz Limited (ASX:NET)**

Netlinkz Limited (ASX:NET) is a networking vendor with a vision to create secure personalised connections for every user. The Netlinkz Network-as-a-Service (NaaS) proposition that is user-centric, creating a per-user private network that is available, secure and performance optimised, for authorised users regardless of their location.

Netlinkz allows enterprises to embrace their new-normal by allowing IT departments to consistently enforce employee connectivity policies (compliance), simplifying operations (cost), improving security (business continuity), while directly correlating technology investment to user productivity (value).

The company offers a range of products across three broad categories:

- Secure Internet, with Netlinkz transforming Starlink technology into a business grade service providing secure high-speed internet and an invisible cloud network.
- Network Security, which future proofs clients' business with Netlinkz's high-speed, secure cloud first private work solutions.
- Secure CCTV and IoT, with Netlinkz ensuring that all clients' video feeds and data from their CCTV and IoT systems are securely transferred, integrity checked and securely stored.

To learn more, please visit: <http://www.netlinkz.com>

**For more information**



Follow us on [LinkedIn](#)



Follow us on [Twitter](#)



Subscribe on our [YouTube](#)



Subscribe to our [mailing list](#) to receive updates



Visit our investor website: <http://www.netlinkz.com>

**About other company mentioned in ASX announcement**

To learn more about Netlinkz Limited (ASX:NET) please click here: <http://www.netlinkz.com>