

APPENDIX 4C

Quarterly Cashflow Report for quarter ended 31 March 2024

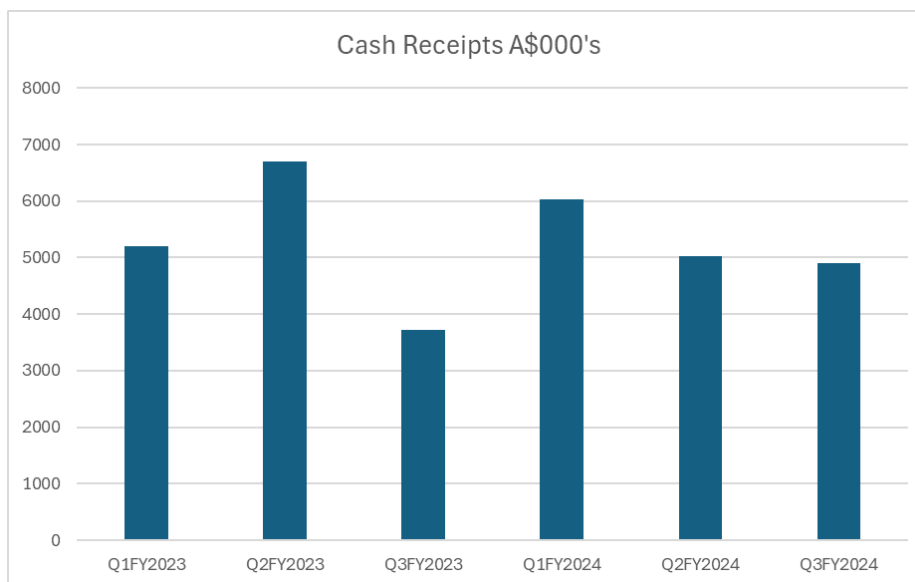
Netlinkz Limited (ASX:NET) and its controlled entities (“Netlinkz” or “the Company”) is pleased to provide its Appendix 4C for the quarter ended 31 March 2024 (3rd Quarter, March quarter) along with the following operational update for its key business divisions.

Third Quarter highlights

- Netlinkz operating revenue of \$4.0m for Q3 FY2024
- Satellites Division sales for the quarter contributed \$1.0m
- Agreement to sell Starlink hardware-on-hand in April 2024 to be collected post 31 March quarter end. which will result in sales of in excess of \$4.8m in Qtr4.
- Significant reduction in operational costs of the Satellite Division ~\$2.0m annualized.
- Continued support from debt providers (~\$3.0m draw-down facility) and refinancing of Juel facility (~\$2.3m).

Operations

The Company’s revenue for the quarter was in line with the previous quarter, and YTD revenue is largely in line with the prior year. The Company has a number of contracts executed for sale of Starlink units, where recognition of revenue is dependent on receipt of cash. Notwithstanding cash receipts for the quarter were in line with the previous quarter and a 32% increase over the same quarter in FY2023.



Subsequent to quarter end the Company has entered into a binding agreement to sell the balance of its Starlink hardware with payment to be received in Q4 FY2024. As part of its reseller agreement with Starlink, the Company was required to purchase 2,500 units from Starlink at the beginning of 2023 ("Initial Purchase Units"). The sale of the Starlink hardware by the Company at the end of Q3, results in the Company eliminating the significant holding and storage costs of the Initial Purchase Units. The Company is now embarking on a process to further reduce its logistic and administration costs without causing any adverse effect on its current and future pipeline of sales.

By division, SSI revenues were in line with the previous quarter, the China operating revenue was behind previous quarter given Chinese new year, and the Satellite division (Starlink) pleasingly showed steady growth.

The Company has made a significant investment in product development over the year to date which has placed a strain on resources. New product development is near completion, the Company has now made the appropriate cost reductions (~\$2 million pa), and has streamlined its VSN business to focus on sales in South-east Asia.

The Company has restructured its debt facilities to extend repayment dates and has a further facility of \$3 million available to draw-down if required.

The Executive team is committed to continuing to pursue cost savings, reducing debt, and returning to cash flow positive operations. A detailed management update will be provided upon lodging the Interim Financial Report.

Board and Management Restructure

With the support of all Board members the Company undertook a program of significant cost reductions during the quarter. This included a reduction in the Board from 6 to 3 members, with the agreement of Geoffrey Raby, James Stickland and Hakkan Eriksson to resign from the Board. The Board takes this opportunity to thank those directors who have resigned for their service to Netlinkz.

The Interim Financial Report for the half year ended 31 December 23 – Appendix 4D

The audit review of the Interim Financial Report (Appendix 4D) has been completed. The Report is being finalized and is expected to be signed and lodged with the ASIC and ASX by mid-May, with the ASX subsequently determining the re-listing of the Company.

Payments to Related Parties

The Company paid \$345,000 during the quarter to directors for salaries, superannuation and directors fees.

This report has been approved by the Board for release to the ASX.

For personal use only

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 March 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	4,905	15,948
1.2	Payments for		
	research and development	(30)	(1,108)
	product manufacturing and operating costs	(2,856)	(9,353)
	advertising and marketing	(44)	(313)
	leased assets	(64)	(146)
	staff costs	(1,392)	(3,610)
	administration and corporate costs	(1,518)	(6,693)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	3
1.5	Interest and other costs of finance paid	(180)	(937)
1.6	Income taxes paid	-	(129)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	(13)	(56)
1.9	Net cash used in operating activities	(1,191)	(6,395)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	a) entities	-	-
	b) businesses	-	-
	c) property, plant and equipment	-	(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	-	(53)

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	2,250
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(135)
3.5	Proceeds from borrowings	599	6,954
3.6	Repayment of borrowings	(500)	(2,500)
3.7	Transaction costs related to loans and borrowings	-	(375)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	12
3.10	Net cash from / (used in) financing activities	99	6,206

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,467	715
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,191)	(6,395)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(53)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	99	6,206
4.5	Effect of movement in exchange rates on cash held	(13)	(111)
4.6	Cash and cash equivalents at end of period	362	362

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	362	1,467
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)	362	1,467

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	345
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	13,761	13,761
7.2	Credit standby arrangements	-	-
7.3	Other	3,000	-
7.4	Total financing facilities	16,761	13,761
7.5	Unused financing facilities available at quarter end	3,000	-
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.		

The Company had the following borrowings at 31 March 2024:

<i>Lender</i>	<i>Secured/unsecured</i>	<i>Principal outstanding \$</i>	<i>Maturity date</i>	<i>Interest rate per annum</i>
Juel Finance Pty Ltd	Secured	2,500,000	March 2025	20%
Syndicate	Secured	2,055,000	July 2024	42%
AFIG Capital Pty Ltd	Unsecured	99,000	June 2024	48%
Loan Notes	Unsecured	2,310,000	September 2024	18%
Akuna Finance Pty Ltd	Unsecured	500,000	June 2024	18%
Others	Unsecured	1,000,000	June 2024	48%
Booker Super Services Pty Ltd	Unsecured	3,250,000	June 2025	Variable
Convertible note	Secured	2,047,000	1 year from issue	15%
Total		13,761,000		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,191)
8.2	Cash and cash equivalents at quarter end (item 4.6)	362
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	362
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.30
	<p>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.</p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p>	
	<p>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?</p>	

Answer: No. The Company expects to have even or positive net operating cash flows in the new year. The Company has commenced to significantly reduce its operating expenses with immediate effect.

The company will continue to work and sell broadband satellite services (LEO and GEO) with its partner network. Satellite broadband is a key sales channel for Netlinkz's VSN products.

Importantly, the operational cost savings generated from executed changes are significant (~\$2.0m pa) which will allow the company to move to cash flow breakeven.

In addition, Netlinkz is in discussion with a global satellite broadband provider to expand its offering in South East Asia. This will ensure further growth in sales for the VSN product.

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: The Company has access to debt and Capital markets. The Company has the support of its current lenders; with a drawdown facility (~\$3m) currently available.

Operationally, The Company has significantly reduced its staff overheads and operating costs and will complete the sale of its balance of inventory (cash inflow of ~\$4.8m) expected Qtr4 2024.

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. Coupled with its finance options detailed above and whilst Netlinkz continues to develop its VSN product offering, its other operating subsidiaries (specifically, SSI and its operations in China) are operating profitably, cash flow positive, or break-even. The growth of these operations will continue in executing the Group's strategy.

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 has 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.

30 April 2024

This report has been approved by the Board for release to the ASX.

For further information, please contact:

Netlinkz Limited

James Tsiolis

Managing Director & CEO

T: + 61 (2) 9329 9700

E: jtsiolis@netlinkz.com

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>

For personal use only