

Netlinkz Ltd

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Netlinkz FY20 revenue up 856% during transformational year with increased VSN sales in China

Netlinkz Ltd (ASX:NET) recorded strong revenue growth during a "transformational" 2020 financial year, with total revenue from customers of \$5.25 million, up 846% on the prior year's \$555,000.

The revenue growth is mainly attributable to rapidly increasing Virtual Secure Network (VSN) sales in China and the second half contribution from the SSI Pacific business, which the company acquired on January 6, 2020.

Other income of \$1.011 million included an R&D Tax Incentive refund of \$895,000.

Netlinkz retained a cash balance of \$4.123 million at the end of FY2020 of which \$2.683 million was held in low-risk at-call financial products.

"Fast-tracking growth"

Netlinkz Executive chairman and CEO James Tsiolis said: "The 2020 financial year has been a transformational one for Netlinkz and we now have in place the foundation to capitalise on the initiatives we undertook during the year to really fast-track growth in the current financial year and beyond.

"We remain on track to meet our previously stated guidance of \$15 million of customer receipts by year-end, with the board being of the firm view that we are only just in the very early stages of growth."

Chinese revenue streams

Netlinkz strong revenue performance for the year is reflected in the growth and development of the China operations of 80%-owned subsidiary iLinkAll.

iLinkAll has secured several agreements that have expedited VSN uptake and enhanced the revenue base.

The company has won key projects including the Chengdu Water sanitation program sponsored by the World Bank and is working with M-Soft Information Technology and Pinnacle Access Solutions as key partners to broaden sales in China.

Australian operations

During the year Netlinkz's acquired leading system integrator and value-added reseller SSI Pacific Pty Ltd for \$10.2 million, which has strengthened its domestic operations.

SSI has an established customer base in Australia, New Zealand and the Asia Pacific regions, including top-tier telecommunications companies, and will also act as a distribution channel for Netlinkz's product.

Since the acquisition, SSI continues to grow its revenue, through the retention and renewal of existing customer

Price: 0.069

Market Cap: \$149.12 m

1 Year Share Price Graph



Share Information

Code: NET

Listing: ASX

52 week High Low
0.165 0.035

Sector: Tech

Website: www.iwebgate.com

Company Synopsis:

Netlinkz Ltd (ASX:NET) provides secure and efficient cloud network solutions.

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contracts (including a five-year renewal with Spark Telecom) as well as adding new telecommunication customers.

New international markets

Post balance date, the company announced its entry into India and other international markets through a Master Services Agreement (MSA) with emerging technology software solutions provider Natsoft Corporation.

Natsoft will develop and source selected international markets and customers through a reseller agreement, establish an IoT Lab in Singapore and India and manage the software source codes for the company's VSN technology.

In addition, Natsoft has an existing customer base of blue-chip organisations, providing an opportunity for Netlinkz to leverage Natsoft as a reseller of Netlinkz's VSN in India and other international markets like ASEAN.

In addition, Netlinkz's subsidiary Netlinkz Japan KK has established an IoT Lab in Tokyo and has Japanese corporate and multinationals testing the VSN for their enterprises with the first commercial contract expected this quarter.

Further international expansion is also being pursued in Europe with a key IT integrator and reseller to establish an IOT lab there as well.

Capital raising plans

The company is looking to raise further capital in late September 2020 to strengthen the cash position and provide a strong working capital runway to drive sales growth.

Netlinkz will seek shareholder approval at a general meeting to be convened on September 17, 2020, for the issue of up to 20 million convertible notes raising up to \$18 million with the actual amount of funds to be raised being subject to investor appetite and the working capital requirements of the business.

The proposed convertible notes will have a conversion price of 10 cents.

Future growth

Netlinkz is aggressively pursuing sales with medium and large enterprise engagements as the VSN is more saleable for enterprise-grade corporations and government customers, and is now deploying its product via the cloud, allowing it to participate in the growing global trend of cloud migration.

The company will also pursue local resellers to integrate its VSN product as part of bundle solutions for the enterprise market.

Tsiolis said: "We have market-leading VSN technology, an expanding global footprint, quality partners, a growing base of blue-chip and government customers as well as other revenue streams and technologies that underpin this confidence.

"As such, Netlinkz is exceptionally well-positioned to capitalise and has a very strong market advantage."

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