Netlinkz

We connect.

Secure. Fast. Simple.

NETLINKZ LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

ACN 141 509 426

CORPORATE DIRECTORY

Directors	James Tsiolis	CEO, Executive Director
	Stephen Gibbs	Non-Executive Chairman
	Hakan Eriksson	Non-Executive Director
	Geoff Raby AO	Non-Executive Director
	James Stickland	Non-Executive Director
	Grant Booker	Non-Executive Director
Company secretary	Guy Robertson	
Registered office	65 Stanley Street Darlinghurst NSW 2010	
Principal place of business	65 Stanley Street Darlinghurst NSW 2010	
Share register	Computershare Investor Services Pty Ltd 172 St Georges Terrace Perth WA 6000 Australia	
Auditor	BDO Audit Pty Ltd 1 Margaret Street Sydney NSW 2000 Australia	
Stock exchange listing	Netlinkz Limited shares are listed on the Australian Securities Exchange ASX code: NET	
Website	www.netlinkz.com	

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Description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2023. The Directors have the power to amend and reissue the financial statements.

Dear shareholders,

On behalf of the Netlinkz Limited ('Netlinkz' or 'the Company') Board of Directors, it is my pleasure to present Netlinkz's Annual Report for the year ended 30 June 2023 (FY23).

I am proud to outline your Company's many achievements over the past year, which, as a package, materially transformed Netlinkz's business operations and have it on the path to increased scale and accelerated revenue growth.

Netlinkz invested heavily in business development, marketing, research and development, its people, and assets (inventory) over the course of the year. These initiatives were intertwined with our stated strategy targeting two key routes to market for the Company's core Network as a Service (NaaS) product. The first of these is via the global reseller agreement with Starlink, and the second via joint activity with Hutchison Global Telecommunications (HGC).

In the middle part of FY23, Netlinkz announced the signing of an agreement with Space Exploration Technology Corp. (SpaceX). It saw the Company become a global reseller of the enterprise, mobile and maritime Starlink satellite-based high-speed, low latency broadband internet.

Hot on the heels of this agreement, Netlinkz commenced sales of the Starlink product early in the second half of its FY23. In a clear demonstration of our sales team's ability to quickly garner revenues from our Starlink deal, we derived around $1m in sales revenue from this source over the final part of FY23.

The Starlink-NaaS bundle is undeniably a compelling offer to potential clients, quite simply because it provides customers with a fully encrypted invisible private network for all devices connected to the network that access the internet. Netlinkz has quickly moved to leverage off this competitive advantage, developing sales channels via a limited partner network. Over the final months of FY23 and the early part of our FY24, the Company signed a number of substantial partnership agreements. This ever-growing list of tier-1 clients now includes Spark in New Zealand, PT&T in the Philippines, Telestar Communications in Australia, and Telespazio in South America – and more such agreements are in the pipeline.

Importantly, the addressable market for these partnership arrangements is continually expanding as Starlink opens up additional eligible countries for satellite internet services. For our part, Netlinkz is preparing to take advantage of the opportunities this enlarged geographic footprint presents, investing in operations and after sales support services to support the anticipated sustained uplift in sales of this service to end customers.

Netlinkz's total investment in Starlink inventory during the year was $8.0m (including tax). This was financed via short-term loan arrangements and a portion of the funds raised from the Share Placement Facility with Regal Funds Management.

From a look ahead funding strategy perspective, Netlinkz intends to refinance its short-term debt with longer dated facilities once the Company has delivered a sales track record. Netlinkz also expects to purchase additional equipment to meet demand, with these future purchases to be aligned with contractual sales arrangements.

While the Starlink agreement was a notable achievement in FY23, so too were the development milestones met by our continually evolving NaaS offering.

This integrated global NaaS communication platform for enterprises being, which Netlinkz is building in combination with our partner HGC, is based on a Virtual Service Network (VSN). Phase 1 of this platform roll-out is the NaaS for enterprises based in Thailand. This will be followed by a roll-out across the South-East Asia region.

CHAIRMAN'S LETTER

Both Netlinkz and HGC delivered on key components of the NaaS platform's development plan over the final quarter of the Company's FY23. This saw Netlinkz's product offering integrated onto the platform, opening the way for a bundled roll-out. With these building blocks now in place, the NaaS will be trialled with customers from October 2023. Targeting an enhanced delivery process, Netlinkz has also partnered with Dipole, who has significant depth of expertise in NaaS operational requirements, systems integration and customer support capability. This group has over 120 network engineers deployed at various customer locations in Asia, including Australia, which will provide customer support and servicing. Dipole will specifically help Netlinkz roll-out the NaaS in a cost- and time-effective way without sacrificing service levels, as early adopter customers implement this service. ALT which is based in Thailand, along with HGC and LNS, will provide these initial customers.

While advancing the NaaS-Starlink offering was a key priority across the past 12 months, the Netlinkz team also successfully delivered a range of enhancements to other parts of the Company's business, which contributed to higher Group revenues over the year.

The SSI Telecom surveillance business reported a strong uplift in revenues over FY23, underpinned by critical project work for two key customers in Australia and New Zealand. The China Network Engineering Solutions business (AOFA and iLinkAll) further grew its revenue base, powered by its ability to foster key partner relationships with major Chinese and international technology groups.

I am also happy to say that Netlinkz has continued to receive industry recognition as a growth stock. It was identified as a Fast Global Company (ranked number-20) by the Australian Financial Review, on the back of the commercial growth it achieved in international markets between 2019 and 2022.

On behalf of the Board, I would like to thank our clients, management and staff for their loyalty and hard work over FY23, and our shareholders for their continued support. I am confident that we already have in place a product offering that will continue to gain traction in our addressable markets and that planned growth initiatives will add to this momentum over the coming year. Success here will materially benefit all our stakeholders.

Yours sincerely

Stephen Gibbs

Non-Executive Chairman

CEO/MANAGING DIRECTOR'S LETTER

Dear Shareholders,

I am happy to report that Netlinkz recorded broad-based revenue growth across its business operations over the course of the 2023 financial year (FY23). All this while simultaneously realising a host of operational milestones, that included initiatives targeting an expansion of the addressable market for Company's core Network as a Service (NaaS) product. Some of these initiatives were outlined in the above Chairman's Letter. Importantly, the upside potential to financial performance from these initiatives has only just started to come through.

The Company's revenue growth over FY23 was a pleasing outcome in the context of the challenges still presenting in the macro-economic environment over this period. These included a run of interest rate increases by many major central banks intent on bringing inflation under control, the lingering side effects of the COVID-19 pandemic.

Netlinkz reported total revenue from customers of $20.7m in FY23, up 32% on the previous corresponding period. Looking at the revenue contributions across the Company's divisions:

- The Satellites Division (Starlink) contributed around $1m in sales revenue during the year, a fantastic achievement given Netlinkz only signed the agreement with Space Exploration Technology Corp. (SpaceX) in mid-FY23. Since that time, partnership deals with a number of tier-1 clients, including Spark in New Zealand, PT&T in the Philippines, LNS in Malaysia, Telestar Communications in Australia, and Telespazio in South America have been inked.
- Netlinkz's NaaS joint product development with Hutchison Global Communications (HGC) continued in FY23, with customer trials of this service expected to commence in October 2023.
- The SSI Telecom Surveillance business reported an 83% increase in revenue over FY23, and simultaneously maintained strong net margins.
- Netlinkz's China Network Engineering business recorded a 20% increase in revenue over FY23.

This revenue base expansion occurred without sacrificing margin performance. Group gross margins for FY23 exceeded 20% - and are expected to increase further in FY24, as higher volume Starlink sales are brought to book and high margin NaaS subscription revenues grow.

While keeping a close eye on costs, your Company continued to execute a judicious investment program that has both broadened and deepened its product and service offering. Research and development expenditure totalled $1.6m over FY23, as the Company continued to develop enhancements to its NaaS suite of products and services, and delivered key milestones in its planned integration of the NaaS and Starlink satellites offerings.

Looking to the FY24 outlook, we are anticipating a stronger Company-wide performance over the coming 12-month period. This as the full-year revenue effect from the growing list of partnership deals is realised – and that is before other such agreements now in the pipeline are successfully completed. At the same time, the growth upside for other parts of the Company's business operations is also bright.

I want to take this opportunity thank our staff for their sustained commitment to Netlinkz over FY23. Without their efforts, the Company would not have been able to lay the runway to land the growth opportunities now presenting over FY24 and beyond. Converting this growth potential into revenues will take Netlinkz closer to its target of consistently becoming cash flow positive at the operating activities line.

Yours sincerely,

James Tsiolis
CEO & Managing Director

Netlinkz, through its Board and executives, recognises the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with Netlinkz. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

ASX Corporate Governance Principles and Recommendations

The fourth edition of ASX Corporate Governance Council Principles and Recommendations (the "Principles") sets out recommended corporate governance practices for entities listed on the ASX.

The Company has issued a Corporate Governance Statement which discloses the Company's corporate governance practices and the extent to which the Company has followed the recommendations set out in the Principles. The Corporate Governance Statement was approved by the Board on 29 September 2023 and is available on the Company's website: https://www.netlinkz.com/about

DIRECTORS

The names of directors who held office during or since the end of the financial year are:

- Mr Stephen Gibbs
- Mr James Tsiolis
- Mr James Stickland
- Dr Geoff Raby AO
- Mr Grant Booker
- Mr Hakan Eriksson (appointed 20 October 2022)
- Mr Zhang (resigned 14 November 2022)

Directors were in office for the whole of the financial year unless otherwise indicated.

PRINICIPAL ACTIVITIES

Netlinkz Limited (Netlinkz or the Company) (ASX:NET) delivers a cloud based cyber-secure invisible Network-as-a-Service for enterprise customers.

Netlinkz is also a global reseller for Starlink satellites internet services.

Netlinkz has received numerous industry awards for its technology, including being a worldwide winner of the Global Security Challenge.

REVIEW OF OPERATIONS

The Directors of Netlinkz are pleased to present their report on the consolidated entity and the entities it controlled at the end of the financial year ended 30 June 2023.

Netlinkz's business operations have been materially transformed over FY23. This period saw the opening of two key routes to market for the Company's core Network as a Service product, the first via the global reseller agreement with Starlink, and the second joint activity with Hutchison Global Telecommunications. At the same time, Netlinkz also invested heavily in business development, marketing, R&D, people, and assets (inventory), in order to both maximise these opportunities and enable the Company to deliver on them. This has set a good platform for the Netlinkz business to grow further in FY24 and beyond, taking it closer to becoming cash flow positive at the operating activities line.

Satellites Division (Starlink)

In November 2022, Netlinkz entered into an agreement with Space Exploration Technology Corp. (SpaceX). It saw the Company become a global reseller of the enterprise, mobile and maritime Starlink satellite-based high-speed, low-latency broadband internet.

Subsequent to this agreement, Netlinkz commenced sales of the Starlink product in February 2023, and had already derived around $1m in sales revenue from this source by end-FY23. The NaaS Starlink bundle is proving to be a compelling offer. It provides customers with a fully encrypted invisible private network for all devices connected to the network that access the internet.

The Company quickly moved to develop sales channels via a limited partner network, and has to date signed a number of substantial partnership agreements, including with Spark in New Zealand, PT&T in the Philippines, Telestar Communications in Australia, and Telespazio in South America. Additional partnership agreements are under negotiation, which will see Netlinkz further penetrate its target addressable markets. Netlinkz also expects new opportunities to materialise, as Starlink opens up additional eligible countries for satellite internet services. The

Company is investing in operations and after sales support services to support the anticipated sustained uplift in sales of this service to end customers.

The total investment in Starlink inventory during the year was $8.0m (including tax). This was financed via short-term loan arrangements and a portion of the funds raised from the Share Placement Facility with Regal Funds Management. The Company intends to refinance its short-term debt with longer dated facilities once the Company has delivered a sales track record. Netlinkz will also purchase additional equipment to meet demand, with these future purchases to be aligned with contractual sales arrangements.

Network-as-a-Service (NaaS)

The Company is partnering with HGC on building an integrated global communication platform, Network as a Service (NaaS) for enterprises, based on a Virtual Service Network (VSN). Phase 1 of this platform roll-out will be the NaaS for enterprises based in Thailand. This will be followed by a roll-out across the South-East Asia region.

During the June 2023 quarter, joint development activity was undertaken by both HGC and Netlinkz, to integrate the Company's product and enable a bundled roll-out. The NaaS will be trialled with customers in October 2023.

Netlinkz has also partnered with Dipole, who has significant depth of expertise in NaaS operational requirements, systems integration and customer support capability. Dipole will specifically assist with the roll-out of the NaaS, and work with customers to implement the NaaS. It is an organization that has over 120 network engineers deployed at various customer locations in Asia, including Australia, that will provide customer support and servicing. The Dipole partnership ensures Netlinkz maintains control over its costs but at the same time does not compromise on the planned speed of the roll-out of the Company's NaaS project.

ALT, which is based in Thailand, along with HGC and LNS, will provide the first customers for NaaS.

SSI Telecom Surveillance

Netlinkz's SSI Telecom surveillance business continued to perform strongly in its FY23, with revenue of $3.9m reported in the year, up 83% on the prior year. The increase was driven by critical project work for two key customers in Australia and New Zealand.

China Network Engineering Solutions

The China Network Engineering Solutions business (AOFA and iLinkAll) also continued to grow its revenue base. It realised $14.9m in sales revenues over FY23, up 20% on the prior year. The sustained uplift in revenues reported by the China Network Engineering Solutions business has been underpinned by its ability to foster key partner relationships with major Chinese and international technology groups.

Southcloud ISP

Southcloud was acquired in June 2022. Netlinkz has just concluded a strategic review of the business, with recommended actions coming out of this review to be implemented in FY24. The business is to focus on growing its customer base and connecting enterprise customers in regional Australia to satellite internet services via Netlinkz.

Overall group results

The Group derived FY23 revenues of $20.7m, up 32% on that recorded in the previous year.

Gross margins for FY23 were in excess of 20%, and are expected to increase in FY24, once higher volume Starlink sales occur and high margin NaaS subscription revenues grow.

Research and development costs were $1.6m over FY23, as the Company continued to develop enhancements to its Network-as-a-Service suite of products and services, and invest in the integration of the NaaS and Starlink satellites offerings.

Board and Management

During the year, the Company broadened the skillsets of both its senior management team and Board of Directors. Key appointments included Hakan Eriksson, former CTO of Telstra, as Non-Executive Director, and Jordi Martin, former Asia Pacific CEO for Jones Lang LaSalle Work Dynamics, as Chief Operating Officer.

KEY MATERIAL BUSINESS RISKS

The Group's activities and the industries that it operates in give risk to a number of risks. These are identified by the Board and management and reviewed on a regular basis. Risks are specifically reviewed on a half-yearly basis by the Audit and Risk Committee, as governed by the Company's risk management policy.

Customer acquisition and retention risk

The rate of customer acquisition across NaaS and Starlink is a key driver of overall revenue and profitability improvement for the group. This is dependent to some degree on partners and their support in driving sales opportunities. This risk is mitigated by investing and developing in strong partnerships, and on operational delivery.

Product development risk

There is a risk that products developed become obsolete, have poor functionality, or do not meet the needs of customers in the market. To mitigate this, all software products are managed and reviewed on a regular basis, with clear product development roadmaps. Customer feedback is also included in product development.

Loss of key personnel and inability to attract talent

The Company operates in specialised areas which requires certain key skill sets. There are limited people available with the appropriate skills. To mitigate this the business reviews remuneration in the industry to and designs employment packages to attract and retain staff.

Liquidity and funding risk

The Business continues to pursue appropriate funding options to allow it to deliver on its key growth opportunities. Access to fairly priced funding is a challenge for the group and can limit its ability to execute on opportunities. To mitigate this the business maintains monthly and longer term forecasting.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

It is the opinion of the Directors that there were no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2023, except as otherwise noted in this report.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE YEAR

On 22 September 2023 the Company announced a Second Senior Note Facility to raise up to $12m, which is expected to raise funds for the Company by or around 31 October 2023.

On 29 September 2023 the $2m loan with AFSG Capital was extended to 4 October 2023;

On 29 September 2023 the $2m loan with Juel was extended to 15 January 2024;

On 20 September 2023 the loan facility with Booker Super Service Pty Ltd was terminated as the Company was informed by Booker Super Services that it will be unable to provide additional funding under the facility. The loan balance will not be repaid early, and maintains its existing maturity date of 30 June 2025.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

INFORMATION ON DIRECTORS

Name:	**Mr Stephen Gibbs**
Title:	Non-Executive Chairman
Appointed:	15 March 2021

Qualifications: Mr Gibbs holds a Bachelor of Economics and a Master of Business Administration (MBA).

Experience and expertise: Mr Gibbs has over 30 years' experience as an Executive, Director and Chairman of many companies in industry and funds management, particularly those with a focus on ethical and responsible investing. From 2000 to 2008 he was CEO of ARIA, the trustee of the CSS, PSS and PSSap superannuation schemes for Commonwealth Government employees. ARIA (now known as CSC) was and remains one of the largest superannuation schemes in Australia. Prior to ARIA, Mr Gibbs was CEO of the industry body Australian Institute of Superannuation Trustees (AIST).

Other current directorships:	Australian Ethical Investment Limited
Former directorships (last 3 years):	None
Shares held:	369,231

Options held:

2,500,000 Options with an exercise price of $0.10 each

2,500,000 Options with an exercise price of $0.15 each

2,500,000 Options with an exercise price of $0.20 each

2,500,000 Options with an exercise price of $0.25 each

Each Option had an expiry date of 1 September 2023 and is subject to certain vesting conditions.

Name:	**Mr James Tsiolis**
Title:	CEO, Executive Director
Appointed:	11 November 2015
Qualifications:	Bachelor of Economics, Grad Cert Quantitative Finance

Experience and expertise: Mr Tsiolis has over 25 years of experience in funds management and capital markets. He is a founder and current Chairman of Strategic Capital Management Limited (SCM), an investment management and advisory firm. Mr Tsiolis was the investment adviser to several large superannuation funds, including Military Superannuation ($3.9 billion), as well as the funds manager of SCM's retail products ($1 billion). Mr Tsiolis has been a member of several investment and corporate advisory committees including Macquarie Global Infrastructure Funds, Rosemont Partners, Direct Investment Fund, Deutsche Private Equity, Military Superannuation, Citic China Mezzanine Investment Fund and Energy Investors Group. Mr Tsiolis has overseen a number of investments from start up to IPO in the technology sector. Prior to SCM, Mr Tsiolis served as the Head of Research at ipac Securities. He was also a Senior Investment Analyst of ASSIRT Investment & Technology and a quantitative analyst of James Capel Australia Ltd. Mr Tsiolis is a Governor of the Archaeological Institute in Athens and former deputy chairman of North Asian Strategic Holdings Limited.

Other current directorships:	None
Former directorships (last 3 years):	North Asia Strategic Holdings Ltd
Shares held:	142,931,960 ordinary shares
Options held:	Nil

Name:	**Dr Geoff Raby AO**
Title:	Non-Executive Director
Appointed:	8 September 2020

Experience and expertise: Dr Geoff Raby is an Australian economist and diplomat with over 27 years in the public service. He served as the Australian Ambassador to the People's Republic of China from 2007 to 2011 and has extensive in-country experience. Dr Raby was also the Deputy Secretary in the Department of Foreign Affairs and trade (DFAT) from 2002 to 2006 and held a number of senior roles within the department.

Dr Raby is currently the Chairman and CEO of Geoff Raby & Associates, a Beijing-based business advisory firm. Dr Raby is also a senior advisor to leading independent Australian-owned financial advisory and fund management business Gresham. He has also held a number of ASX-listed company directorships, including roles with Yancoal, Fortescue Mining Group, and OceanaGold amongst others.

Other current directorships:	Yancoal (ASX:YAL)
Former directorships (last 3 years):	OceanaGold (ASX: OCG), iSentia (ASX:ISD), Wiseways (ASX: WWG)
Shares held:	1,480,769

Options held:

2,500,000 Options with an exercise price of $0.10 each

2,500,000 Options with an exercise price of $0.15 each

2,500,000 Options with an exercise price of $0.20 each

2,500,000 Options with an exercise price of $0.25 each

Each Option had an expiry date of 1 September 2023 and is subject to certain vesting conditions.

Name:	**Mr James Stickland**
Title:	Non-Executive Director
Appointed:	8 September 2020

Experience and expertise: Mr Stickland is an experienced executive and has held senior roles with HSBC, JP Morgan Chase and Cisco. Mr Stickland was also CEO of biometric security business Veridium, where he was responsible for growing the company's revenue and balance sheet and completing a successful US$16.5m Series B funding round with American multinational software company Citrix. Mr Stickland also helped develop and lead Veridium's global 'go to market' strategy for its flagship solution, VeridiumID. During his roles with HSBC and JP Morgan Chase, Mr Stickland focused on accelerating innovation capabilities in investee companies and delivering investments in enterprise technology, including cloud, mobile, social, data and security applications. He also drove business strategy for retail and private banking and trading offerings.

Other current directorships:	Elwood Capital Management Limited LLP
Former directorships (last 3 years):	Veridum Ltd (Registered in the UK)
Shares held:	576,923

Options held:

2,500,000 Options with an exercise price of $0.10 each

2,500,000 Options with an exercise price of $0.15 each

2,500,000 Options with an exercise price of $0.20 each

2,500,000 Options with an exercise price of $0.25 each

Each Option had an expiry date of 1 September 2023 and is subject to certain vesting conditions.

Name:	**Mr Grant Booker**
Title:	Non-Executive Director
Appointed:	16 October 2020

Experience and expertise: Mr Booker is a senior business executive and has a strong track record of success in a number of sectors. He has extensive experience form working in senior roles with brands such as McDonalds, to founding and building a successful transport and logistics business from a one-truck operation to over 50 vehicles.

In 2006, Mr Booker sold Nepean Waste Management to ASX-listed company Transpacific Industries Group Limited (ASX:TPI), since renamed Cleanaway Waste Management Limited (ASX: CWY). Following the acquisition, Mr Booker worked as State Acquisition Manager for the group, and was involved in conducting due diligence on various acquisitions, reporting to the Board. Mr Booker was instrumental in progressing 12 acquisitions, ranging from $5 million to $50 million in value.

Since leaving Transpacific Industries Group Limited, Mr Booker has been involved in a number of successful ventures in the property sector. He has led a number of successful capital raisings for these, and other businesses.

Other current directorships:	None
Former directorships (last 3 years):	None
Shares held:	47,903,926 ordinary shares

Options held:

2,500,000 Options with an exercise price of $0.10 each

2,500,000 Options with an exercise price of $0.15 each

2,500,000 Options with an exercise price of $0.20 each

2,500,000 Options with an exercise price of $0.25 each

Each Option had an expiry date of 1 September 2023 and is subject to certain vesting conditions.

Name:	**Mr Hakan Eriksson**
Title:	Non-Executive Director
Appointed:	20 October 2022

Experience and expertise: Mr Eriksson is a globally experienced board directors and technology leader, having worked extensively with R&D, innovation, and strategy in multiple functions, organisation, and countries. Mr Eriksson's corporate experience includes Chief Technology Officer at Telstra from 2017 to 2020, and a number of roles with Ericsson from 1998 to 2017, including Group Chief Technology Officer from 2003 to 2012, culminating in the role of Chief Strategy Officer South East Asia and Oceania. Mr Eriksson has a Master of Science, Electrical Engineering, and an honorary PhD from Linkoping University, Sweden. Mr Eriksson is a Corporate Councillor of the European Australian Business Chamber, and a member of the Innovation Panel of the Australian Institute of Company Directors.

Other current directorships:	Agsensi Pty Ltd and Canopus Networks
Former directorships (last 3 years):	Silicon Quantum Computing Pty Ltd and Muru-D

Options held:

2,500,000 Options with an exercise price of $0.05 each

2,500,000 Options with an exercise price of $0.10 each

2,500,000 Options with an exercise price of $0.15 each

2,500,000 Options with an exercise price of $0.20 each

Each Option will have an expiry date of 1 September 2025 and is subject to certain vesting conditions.

Name:	**Mr Hualin Zhang**
Title:	Non-Executive Director
Appointed:	28 February 2019
Resigned:	14 November 2022

Experience and expertise: Mr Zhang has over 30 years extensive experience in the Telecom and Technology sectors in China and was most recently appointed the Senior President of China Telecom Co. Wuxi. He has also held various roles throughout his career providing him with significant experience in introducing new technologies into the China market.

Other current directorships:	N/A
Former directorships (last 3 years):	Nil.
Shares held:	Nil

Options held:

2,500,000 Options with an exercise price of $0.10 each

2,500,000 Options with an exercise price of $0.15 each

2,500,000 Options with an exercise price of $0.20 each

2,500,000 Options with an exercise price of $0.25 each

Each Option had an expiry date of 1 September 2023 and is subject to certain vesting conditions.

Company secretary

Mr Guy Robertson, who was appointed Company Secretary on 15 March 2021, has over 30 years' experience as a director, company secretary and CFO of both public and private companies in Australia and Hong Kong. Mr Robertson's previous corporate roles include Finance Director and Managing Director (NSW) of insurance broker, Jardine Lloyd Thompson, CFO and COO of property services company Colliers International, and General Manager Finance for Franklins Limited supermarkets.

Mr Robertson has a Bachelor of Commerce (Honours) and is a Chartered Accountant.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Board Meetings	
	Number Attended	Number Held While in Office
Mr James Tsiolis	8	8
Mr Zhang	1	5
Mr Grant Booker	8	8
Mr Stephen Gibbs	7	8
Dr Geoff Raby AO	6	8
Mr James Stickland	4	8
Mr Hakan Eriksson	3	3

The number of meetings of the Company's Committees held during the year ended 30 June 2023, and the number of meetings attended by each director were as follows:

	Audit and Risk Committee Meetings	
	Number Attended	Number Held While in Office
Mr Grant Booker	2	2
Mr Stephen Gibbs	2	2
Mr James Stickland	2	2

	Remuneration And Nomination Committee Meetings	
	Number Attended	Number Held While in Office
Mr Stephen Gibbs	1	1
Mr Grant Booker	1	1
Dr Geoff Raby AO	1	1

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.
The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward and the achievement of strategic objectives for the creation of value for shareholders.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter.
In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Fees for non-executive directors are not linked to the performance of the Company.

Non-executive directors' remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually. The Directors' may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Shareholders approve the maximum aggregate remuneration for non-executive directors. The RNC recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The aggregate approved remuneration for non-executive directors is $1,000,000.

Non-executive directors may receive share options or other incentives which would be subject to shareholder approval. However, to align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and may be granted options in the future.

During the prior year the non-executive directors agreed to take 50% of their remuneration, in shares, which was subsequently approved at the 2022 Annual General Meeting. This arranged continued for the year ended 30 June 2023, except for the newly appointed non-executive director, Hakan Eriksson.

Executive Remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility. Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations. Executives may receive their remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.
Remuneration for certain individuals may be directly linked to the performance of the Consolidated Entity. In the future, a portion of cash bonus and incentive payments will be dependent on defined performance targets being met. Currently, the cash bonus and incentive payments are at the discretion of the Board. Share based payments (equity settled) or options may also be issued as performance linked compensation, subject to any necessary shareholder approval. The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

The former executive chairman's fees were determined independently to the fees of other non-executive directors based on comparative roles in the external market. The former executive chairman was not present at any discussions relating to the determination of his own remuneration.

Reliance on external remuneration consultants
The Company did not engage external remuneration consultants during the year.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')
At the 2022 AGM, 84.50% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Company performance
The following table compare's NET's performance in respect to the current financial year and previous four financial years:

	2023	**2022**	**2021**	**2020**	**2019**
Net loss after tax	11,887,699	8,405,831	23,750,691	23,974,272	18,509,290
Share price at 30 June	0.008	0.0300	0.0250	0.0565	0.1650
Loss per share	0.0034	0.0026	0.0099	0.0130	0.0200

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables. During the prior financial year, the Non-Executive Chairman and the Non-Executive directors agreed to receive half of their agreed remuneration (full remuneration Chairman $120,000 per annum and Non-Executive Directors $90,000 per annum) in shares, subject to shareholder approval. The number of shares to be issued are calculated using the volume weighted average price over each 6-month service period. These amounts have been accrued. This excludes Hakan Eriksson, who was appointed during the current financial year, who received $90,000 per annum in cash.

The key management personnel of the consolidated entity consisted of the following personnel for the current and previous financial year:

Mr Stephen Gibbs	Non-Executive Chairman
Mr James Tsiolis	CEO & Executive Director
Dr Geoff Raby AO	Non-Executive Director
Mr James Stickland	Non-Executive Director
Mr Grant Booker	Non-Executive Director
Mr Hakan Eriksson	Non-Executive Director (appointed 20 October 2022)
Mr Zhang	Non-Executive Director (resigned 14 November 2022)
Mr Rotem Salomonovitch	Chief Technical Officer (appointed 9 August 2021, resigned effective 6 August 2023)
Mr Peter Gray	Chief Financial Officer (appointed 23 November 2022)
Mr Matthew Ryan	Chief Financial Officer (resigned 29 December 2021)

2023	Cash, salary, and fees $	Post-employment benefits Superannuation $	Short-term benefits Annual leave $	Share-based payments Shares $	Share-based payments Options / Performance rights $	Total $	Performance related %
Non-executive Directors							
Stephen Gibbs	60,000	4,725	-	60,000	-	124,725	-
Geoff Raby AO	52,500	4,331	-	45,000	-	101,831	-
James Stickland	45,000	-	-	45,000	-	90,000	-
Grant Booker	45,000	3,544	-	45,000	-	93,544	-
Hakan Eriksson	62,853	-	-	-	34,645	97,498	36
Mr Zhang	11,250	-	-	11,250	-	22,500	-
Executive Director							
James Tsiolis	698,977	-	-	-	400,554	1,099,531	36
Other Executive KMP							
Peter Gray	133,333	14,000	9,030	-	24,297	180,660	13
Rotem Salomonovitch*	400,000	25,112	20,605	-	-	445,717	-
	1,508,913	51,712	29,635	206,250	459,496	2,256,006	20

*Resigned effective 7 August 2023.

The amounts for non-executive directors represent fees accrued for shares to be issued subject to shareholder approval.

Amounts of remuneration

2022	Cash, salary, and fees $	Post-employment benefits Superannuation $	Short-term benefits Annual leave $	Share-based payments Shares $	Share-based payments Options / Performance rights $	Total $	Performance related %
Non-executive Directors							
Stephen Gibbs	96,000	9,600	-	14,400	10,176	130,176	8
Geoff Raby AO	97,500	9,750	-	57,750	47,439	212,439	35
James Stickland	67,500	-	-	22,500	47,439	137,439	22
Grant Booker	67,500	6,750	-	15,750	10,176	100,176	35
Mr Zhang	45,000	-	-	45,000	47,439	137,439	10
Executive Director							
James Tsiolis	360,000	-	-	-	-	360,000	0
Other Executive KMP							
Matthew Ryan	152,403	11,632	-	-	149,533	313,568	48
Rotem Salomonovitch	347,153	21,604	17,309	300,000	308,452	994,518	40
	1,233,056	59,336	17,309	455,400	620,654	2,385,755	26

Service agreements

Remuneration and other terms of employment for executive key management personnel are formalised in service agreements. Details of these agreements are as follows:

Executive Directors

Remuneration of Executive Directors are included under an engagement agreement.

Name: Mr James Tsiolis

Details: As an Executive Director and Chief Executive Officer, Mr Tsiolis, receives a salary of $500,000 per annum, a director's fee of $90,000 per annum, and personal insurance costs. Mr Tsiolis was awarded 50,000,000 performance rights during the year.

Other Key Management Personnel

Remuneration of Other Key Management Personnel included under an executive service agreement are as follows:

Mr Rotem Salomonovitch, Chief Technical Officer has a service contract with base remuneration of $400,000 per annum plus superannuation. Mr Salomonovitch was awarded a sign on bonus of 10,000,000 shares, and 40,000,000 performance rights. 35,000,000 performance rights have subsequently lapsed.

Mr Peter Gray, Chief Financial Officer has a service contract with base remuneration of $220,000 per annum plus superannuation. Mr Gray was awarded 6,000,000 performance rights during the year. He was appointed on 23 November 2022.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and key management personnel of the consolidated entity, including their personal and related parties holdings, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
2023 – Ordinary Shares					
Non-executive Directors					
Stephen Gibbs	-	369,231	-	-	369,231
Geoff Raby AO	-	1,480,769	-	-	1,480,769
James Stickland	-	576,923	-	-	576,923
Grant Booker	57,500,000	403,926	-	(10,000,000)	47,903,926
Hakan Eriksson	-	-	-	-	-
Mr Zhang	-	-	-	-	-
Executive Director					
James Tsiolis	130,201,697	-	12,730,263	-	142,931,960
Other Executive KMP					
Peter Gray	-	-	345,000	-	345,000
Rotem Salomonovitch	10,000,000	5,000,000	-	-	15,000,000
	197,701,697	7,830,849	13,075,263	(10,000,000)	208,607,809

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
2022 – Ordinary Shares					
Non-executive Directors					
Stephen Gibbs	-	-	-	-	-
Geoff Raby AO	-	-	-	-	-
James Stickland	-	-	-	-	-
Grant Booker	57,500,000	-	-	-	57,500,000
Mr Zhang	-	-	-	-	-
Executive Director					
James Tsiolis	130,201,697	-	-	-	130,201,697
Other Executive KMP					
Matthew Ryan	-	-	-	-	-
Rotem Salomonovitch	-	10,000,000	-	-	10,000,000
	187,701,697	10,000,000	-	-	197,701,697

Options held/Performance rights

The number of options and performance rights in the Company held during the financial year by each director and key management personnel of the consolidated entity, including their personal and related parties holdings, is set out below:

2023 – Option / Performance Rights	Balance at the start of the year	Received as part of remuneration	Lapsed/Exercised	Balance at the end of the year	Balance vested and exercisable
Non-executive Directors					
Stephen Gibbs	10,000,000	-	-	10,000,000	10,000,000
Geoff Raby AO	10,000,000	-	-	10,000,000	10,000,000
James Stickland	10,000,000	-	-	10,000,000	10,000,000
Grant Booker	10,000,000	-	-	10,000,000	10,000,000
Hakan Eriksson	-	10,000,000	-	10,000,000	10,000,000
Mr Zhang*	10,000,000	-	-	10,000,000	10,000,000
Executive Director					
James Tsiolis	-	50,000,000	-	50,000,000	-
Other Executive KMP					
Peter Gray	-	6,000,000	-	6,000,000	-
Rotem Salomonovitch	40,000,000	-	(40,000,000)	-	-
	90,000,000	66,000,000	(40,000,000)	116,000,000	60,000,000

*Resigned 14 November 2022. Options vested before resignation so are still entitled to Mr Zhang.

2022 – Option / Performance Rights	Balance at the start of the year	Received as part of remuneration	Lapsed/Exercised	Balance at the end of the year	Balance vested and exercisable
Non-executive Directors					
Stephen Gibbs	10,000,000	-	-	10,000,000	5,000,000
Geoff Raby AO	10,000,000	-	-	10,000,000	10,000,000
James Stickland	10,000,000	-	-	10,000,000	10,000,000
Grant Booker	10,000,000	-	-	10,000,000	10,000,000
Mr Zhang	10,000,000	-	-	10,000,000	10,000,000
Executive Director					
James Tsiolis	6,000,000	-	(6,000,000)	-	-
Other Executive KMP					
Matthew Ryan	10,500,000	-	(10,500,000)	-	-
Rotem Salomonovitch	-	40,000,000	-	40,000,000	14,500,000
	66,500,000	40,000,000	(16,500,000)	90,000,000	59,500,000

[1]Mr Rotem Salomonovitch was appointed on 9 August 2021, and was granted 14,500,000 performance rights on 29 December 2021. The award of shares the subject of the performance rights are subject to achieving certain performance hurdles. 5,000,000 performance rights were converted to shares during the year, and 9,500,000 lapsed.

A further 25,500,000 performance rights were awarded to Mr Salomonovitch on 20 May 2022. 12,750,000 have a performance period to 30 June 2023 and 12,750,000 to 30 June 2024. The award of shares the subject of the performance rights are subject to achieving certain performance hurdles. These performance rights have subsequently lapsed.

Option holding

As at 30 June 2023 the below are unissued ordinary shares under option held by directors or key management personnel, executives or service providers. The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Tranche	Grant date	Vesting and exercise date	Expiry date	Exercise price	Expected volatility	Valuation per option at grant date	% vested
1	19/11/20	08/03/22	01/09/23	$0.100	95%	$0.035	100%
2	19/11/20	19/11/20	01/09/23	$0.100	95%	$0.035	100%
3	19/11/20	08/03/22	01/09/23	$0.150	95%	$0.029	100%
4	19/11/20	19/11/20	01/09/23	$0.150	95%	$0.029	100%
5	19/11/20	08/03/22	01/09/23	$0.200	95%	$0.025	100%
6	19/11/20	19/11/20	01/09/23	$0.200	95%	$0.025	100%
7	19/11/20	08/03/22	01/09/23	$0.250	95%	$0.021	100%
8	19/11/20	19/11/20	01/09/23	$0.250	95%	$0.021	100%
9	16/06/21	16/04/22	01/09/23	$0.100	95%	$0.005	100%
10	16/06/21	15/09/22	01/09/23	$0.100	95%	$0.005	100%
11	16/06/21	16/04/22	01/09/23	$0.150	95%	$0.004	100%
12	16/06/21	15/09/22	01/09/23	$0.150	95%	$0.004	100%
13	16/06/21	16/04/22	01/09/23	$0.200	95%	$0.003	100%
14	16/06/21	15/09/22	01/09/23	$0.200	95%	$0.003	100%
15	16/06/21	16/04/22	01/09/23	$0.250	95%	$0.002	100%
16	16/06/21	15/09/22	01/09/23	$0.250	95%	$0.002	100%
17	20/10/22	20/10/22	01/09/25	$0.050	103%	$0.009	50%
18	20/10/22	20/10/22	01/09/25	$0.100	103%	$0.005	50%
19	20/10/22	20/10/22	01/09/25	$0.150	103%	$0.003	50%
20	20/10/22	20/10/22	01/09/25	$0.200	103%	$0.002	50%

Tranche	Geoff Raby	James Stickland	Grant Booker	Stephen Gibbs	Hakan Eriksson	Mr Zhang
	Options held	Options held	Options held	Options held	Options held	Options held
1	2,500,000	2,500,000	-	-	-	-
2	-	-	-	-	-	2,500,000
3	2,500,000	2,500,000	-	-	-	-
4	-	-	-	-	-	2,500,000
5	2,500,000	2,500,000	-	-	-	-
6	-	-	-	-	-	2,500,000
7	2,500,000	2,500,000	-	-	-	-
8	-	-	-	-	-	2,500,000
9	-	-	2,500,000	-	-	-
10	-	-	-	2,500,000	-	-
11	-	-	2,500,000	-	-	-
12	-	-	-	2,500,000	-	-
13	-	-	2,500,000		-	-
14	-	-	-	2,500,000	-	-
15	-	-	2,500,000	-	-	-
16	-	-	-	2,500,000	-	-
17	-	-	-	-	2,500,000	-
18	-	-	-	-	2,500,000	-
19	-	-	-	-	2,500,000	-
20	-	-	-	-	2,500,000	-

[1] 50% vest immediately and 50% vest after an 18 month service condition from date of appointment. The corresponding vesting and exercise dates represent 18 months from the date of appointment. 55,000,000 of the above options are vested and exercisable as at 30 June 2023.

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future reporting period are as follows:

	Grant date	Number granted	Performance record date	Expiry date	Value per right at grant date
James Tsiolis	25/11/22	25,000,000	30/06/24	30/06/24	$0.009
James Tsiolis	25/11/22	25,000,000	30/06/24	30/06/24	$0.007
Rotem Salomonovitch	29/12/2021	14,500,000	30/6/2022	30/9/2022	$0.0155
Rotem Salomonovitch	20/5/2022	25,500,000	30/6/2023 to 30/6/2024	30/9/2024	$0.054
Peter Gray	23/11/2022	6,000,000	23/11/2023 to 23/11/2025	23/11/2025	$0.026 and $0.008
Other employees	Various	185,000,000	30/06/2023 to 30/06/2026	30/06/2026	$0.017
		281,000,000			

Other transactions with key management personnel and their related parties
A number of directors of the Company, or their director-related entities, held positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities.

The terms and conditions of the transactions with directors and their director related entities were no more favourable to the directors and their director related entities than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis. Refer to further details below.

There were no amounts recognised (excluding reimbursement of expenses incurred on behalf of the Company) during the year relating to directors or their director-related entities for corporate advisory fees, capital raising or consulting services.

The following balances were outstanding at the reporting date in relation to transactions with related parties:

	Consolidated as at	
	30 Jun 2023	**30 Jun 2022**
Non-current liabilities		
Borrowings - unsecured - related party	3,250,000	-

On 9 May 2022 the Company executed an agreement with Booker Super Services Pty Limited for a $10.0 million facility. The facility is unsecured and has an interest rate of the Australian cash rate plus 6.45%, and has a maturity date of 30 June 2025. The facility incurred interest of $191,245 during the year ended 30 June 2023 (2022: nil).

During the year, $1.0 million was provided by entities associated with a Director of the Company, James Tsiolis. The funds were provided on a short-term basis for fees of $72,296. The loan was repaid, including fees, during the year.

This concludes the remuneration report, which has been audited.

DIVIDENDS

No dividends have been declared for the financial year ended 30 June 2023 or for the previous corresponding period.

SHARES UNDER OPTION

Number of shares under option were 116,000,000 at 30 June 2023 and 66,000,000 at the date of this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year the Company paid premiums in respect of a contract insuring Directors, Chief Financial Officer and Company Secretary of Netlinkz and Executive Officers against a liability incurred to the extent permitted by the Corporations Act, 2001. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the insurance contract.

INDEMNIFICATION OF AUDITORS

The Company has not, during or since the end of the financial year ended 30 June 2023, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year ended 30 June 2023, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

AUDITOR INDEPENDENCE

A copy of the Auditor’s Independence Declaration as required under Section 307C of the Corporations Act 2001 is included in this report.

AUDITOR

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Board of Directors.

James Tsiolis
CEO & Executive Director
Sydney NSW

Dated this 29th day of September 2023.

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Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF NETLINKZ LIMITED

As lead auditor of Netlinkz Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Netlinkz Limited and the entities it controlled during the year.

Gareth Few

Gareth Few
Director

BDO Audit Pty Ltd

Sydney

29 September 2023

Netlinkz Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

		Consolidated for the year ended	
Continuing operations	**Note**	**30 Jun 2023**	**30 Jun 2022**
		$	**$**
Revenue	4	20,670,998	15,701,430
Cost of sales		(16,512,771)	(11,664,350)
Gross profit		4,158,227	4,037,080
Other income	4	408,850	296,650
Research and development expenses		(1,626,581)	(497,940)
Business development and marketing expenses		(1,216,982)	(267,698)
Employee and consultant expenses		(6,557,472)	(5,680,387)
Administrative and corporate expenses		(2,455,779)	(1,682,627)
Employee share-based payment expenses	5	(1,378,240)	(1,168,236)
Other share-based payment expenses	5	(465,890)	(237,328)
Finance costs		(601,305)	(347,321)
Net fair value loss on debt arrangement	5	-	(1,429,772)
Depreciation and amortisation	5	(878,001)	(959,752)
Other expenses		(1,274,526)	(468,500)
Loss before income tax expense		(11,887,699)	(8,405,831)
Income tax expense	6	-	-
Loss after income tax expense for the year		(11,887,699)	(8,405,831)
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(219,785)	242,071
Other comprehensive loss for the year, net of tax		(219,785)	242,071
Total comprehensive loss for the year		(12,107,484)	(8,163,760)
Loss for the year is attributable to:			
Members of the parent entity		(11,826,463)	(8,410,824)
Non-controlling interests		(61,236)	4,993
		(11,887,699)	(8,405,831)
Total comprehensive loss for the year attributable to:			
Members of the parent entity		(11,951,449)	(8,153,918)
Non-controlling interests		(156,035)	(9,842)
		(12,107,484)	(8,163,760)
Loss per share from continuing operations		**$**	**$**
Basic loss per share	22	(0.0034)	(0.0026)
Diluted loss share	22	(0.0034)	(0.0026)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Netlinkz Limited
Consolidated statement of financial position
For the year ended 30 June 2023

	Note	Consolidated as at 30 Jun 2023 $	30 Jun 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	7	712,852	2,689,024
Trade and other receivables	8	3,573,903	2,531,586
Inventory	9	6,604,126	78,583
Other assets	8	584,937	511,161
Total current assets		11,475,818	5,810,354
Non-current assets			
Property, plant and equipment		16,327	56,332
Investments		100,000	100,000
Right of use assets		233,017	173,269
Intangible assets	10	1,879,743	2,611,084
Goodwill	10	9,531,080	9,531,080
Total non-current assets		11,760,167	12,471,765
Total assets		23,235,985	18,282,119
LIABILITIES			
Current liabilities			
Trade and other payables	11	2,530,618	1,100,566
Employee benefits	12	146,707	108,026
Borrowings	13	4,000,000	75,750
Other current liabilities	14	1,062,244	1,098,492
Total current liabilities		7,739,569	2,382,834
Non-current liabilities			
Borrowings	13	3,250,000	-
Other non-current liabilities	14	53,692	88,597
Total non-current liabilities		3,303,692	88,597
Total liabilities		11,043,261	2,471,431
Net assets		**12,192,724**	**15,810,688**
Equity			
Issued capital	15	130,077,646	122,528,735
Reserves	17	14,188,023	13,372,400
Accumulated losses	18	(132,027,248)	(120,200,785)
Capital and reserves attributable to members of the parent entity		12,238,421	15,700,350
Non-controlling interests		(45,697)	110,338
Total equity		**12,192,724**	**15,810,688**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Netlinkz Limited
Consolidated statement of changes in equity
For the year ended 30 June 2023

	Notes	Attributable to owners of Netlinkz Limited					
		Issued capital	Reserves	Accumulated losses	Total equity	Non-controlling interest	Total equity
Consolidated		$	$	$	$	$	$
Balance at 1 July 2021		120,447,809	12,594,317	(111,789,961)	21,252,165	115,187	21,367,352
Loss for the year		-	-	(8,410,824)	(8,410,824)	4,993	(8,405,831)
Other comprehensive income		-	251,913	-	251,913	(9,842)	242,071
Total comprehensive loss for the year		-	251,913	(8,410,824)	(8,158,911)	(4,849)	(8,163,760)
Transactions with owners in their capacity as owners:							
Shares issued on conversion of options		820,000	-	-	820,000	-	820,000
Shares issued for settlement of debt		469,432	-	-	469,432	-	469,432
Share based payments		-	1,317,664	-	1,317,664	-	1,317,664
Shares issued on conversion of performance rights		791,494	(791,494)	-	-	-	-
Balance at 30 June 2022		122,528,735	13,372,400	(120,200,785)	15,700,350	110,338	15,810,688

	Attributable to owners of Netlinkz Limited					
	Issued capital	Reserves	Accumulated losses	Total equity	Non-controlling interest	Total equity
Consolidated	$	$	$	$	$	$
Balance at 1 July 2022	122,528,735	13,372,400	(120,200,785)	15,700,350	110,338	15,810,688
Loss for the year	-	-	(11,826,463)	(11,826,463)	(61,236)	(11,887,699)
Other comprehensive income	-	(124,986)	-	(124,986)	(94,799)	(219,785)
Total comprehensive loss for the year	-	(124,986)	(11,826,463)	(11,951,449)	(156,035)	(12,107,484)
Transactions with owners in their capacity as owners:						
Shares issued	7,854,611	-	-	7,854,611	-	7,854,611
Share based payments	-	1,134,909	-	1,134,909	-	1,134,909
Shares issued on vesting of performance rights	194,300	(194,300)	-	-	-	-
Capital raising costs	(500,000)	-	-	(500,000)	-	(500,000)
Balance at 30 June 2023	130,077,646	14,188,023	(132,027,248)	12,238,421	(45,697)	12,192,724

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

	Note	Consolidated 30 Jun 2023 $	Consolidated 30 Jun 2022 $
Cash flows from operating activities			
Receipts from customers		22,450,703	17,673,683
Payments to suppliers and employees		(37,710,058)	(23,546,045)
Tax refund received		249,808	-
Interest received		6,523	20,789
Interest paid		(601,305)	(368,639)
Net cashflows used in operating activities		(15,604,329)	(6,220,212)
Cash flows from investing activities			
Payments for business combinations, net		-	(152,507)
Payments for property, plant, and equipment		-	(60,076)
Net cashflows used in investing activities		-	(212,583)
Cash flows from financing activities			
Proceeds from issue of shares		7,000,000	-
Proceeds from exercise of share options		-	820,000
Capital raising expenses		(500,000)	-
Proceeds from borrowings		8,250,000	-
Repayments of borrowings		(1,000,000)	(1,150,000)
Principle lease payments		(196,071)	(83,739)
Loan provided to unlisted entity		-	(1,429,772)
Net cashflows from/(used in) financing activities		13,553,929	(1,843,511)
Net decrease in cash and cash equivalents		(2,050,400)	(8,276,306)
Effect of foreign exchange movements on cash		74,228	128,919
Cash and cash equivalents at the beginning of the year		2,689,024	10,836,411
Cash and cash equivalents at the end of the year	7	712,852	2,689,024

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

General information

The financial statements cover Netlinkz Limited as a consolidated entity consisting of Netlinkz Limited and the entities it controlled at the end of, or during, the year and the comparative year.

Netlinkz Limited (ASX:NET) is a listed public company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

These financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities measured at fair value.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Presentation
For the year ended 30 June 2023, the presentation of the consolidated statement of profit or loss and other comprehensive income was changed to improve the usefulness for end users of the financial statements. The result for the year ended 30 June 2022 has been reclassified on the same basis to enable appropriate comparison.

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2023, the Group recorded a loss of $11,887,699 (2022: Loss of $8,405,831) and had net cash outflows from operating activities of $16,324,156 (2022: $6,152,612) and has a net working capital surplus of $3,736,249 as at 30 June 2023 (2022: $3,427,520).

On 20 September 2023, subsequent to the year end the loan facility with Booker Super Service Pty Ltd was terminated. The Company was informed by Booker Super Services that it will be unable to provide additional funding under the facility. The loan balance will not be repaid early and maintains its existing maturity date of 30 June 2025.

As a result, additional capital is required to sustain ongoing operations, and repay liabilities on agreed terms.

The events and conditions noted above indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern.

The Directors believe that the Company and Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following facts:

- The Group had cash at bank of $712,852, other net working capital assets of $3,023,397, as at 30 June 2023;
- The group holds $6,604,126 of inventory as at 30 June 2023 which can be sold to generate short term cash;

- On 22 September 2023 the Company announced a Second Senior Note Facility to raise up to $12m, which is expected to raise funds for the Company by or around 31 October 2023.
- The Company has a proven track record in raising finance with $7,250,000 of net debt and $7,000,000 in issued equity being raised in the year ended 30 June 2023;
- The $2m loan with AFSG Capital has been extended to 4th October 2023;
- The $2m loan with Juel has been extended to 15 January 2024 with amended repayment terms;
- The Directors are in discussions with various lenders that have expressed an interest in providing funding and these are at an advanced stage, although not binding at the date of this financial report; and
- The Group has the ability to raise capital via a share placement.

The Directors are confident that the above strategies will eventuate and that the Company is a going concern, however, should the above not eventuate the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Netlinkz Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Netlinkz Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Netlinkz Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average

exchange rates, which approximate the rates at the dates of the transactions, for the year. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Income tax
The income tax expense or benefit for the year is calculated on that year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior years, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Netlinkz Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting year; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting year. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting year; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting year. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
The Group makes use of the simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. The Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventory
Inventory is initially recorded at cost and is subsequently assessed in order to record at the lower of cost and net realizable value. Inventory is also assessed for any indicator of obsolescence at each reporting date.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	2-7 years

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
The consolidated entity recognises revenue as follows:

Software, service and licensing revenue
The Group generates revenue from the sale, licensing and support of network security solutions. Software and support is sold both directly to large customers and via partners/resellers. Customers enter either monthly, quarterly or annual licensing arrangements and revenue is recognised over the corresponding license/support year. The Group recognises revenue from resellers at the point where it is highly probable that a significant reversal in the amount of revenue recognised will not occur. Some customer sites are deployed on network appliances that are invoiced up-front. Resellers are typically responsible for level 1 and 2 technical support of the solution, in addition to updates and maintenance as per the licensing.

Consulting, design and implementation services
The Group provides secure networking consulting, design and implementation services to its resellers, partners and customers. Revenue from providing these services and associated hardware is recognised in the accounting year in which the services are rendered.

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or time-based rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant year using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Grant revenue
Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

Contract assets and liabilities
Contract assets and contract liabilities refer to what is commonly known as ‘unbilled or accrued revenue’ and ‘deferred revenue’. Contract assets represent receivables in respect of the Group’s right to consideration when that right is condition on something other than the passage of time (for example, the entity’s future performance). Contract liabilities arise where payment is received prior to work being performed. Contract assets and contract liabilities are recognised and measured in accordance with this accounting policy.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting year as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired lease period or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or year.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development
Research costs are expensed in the year in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the year of their expected benefit, being their finite life of 5 years. Development costs related to a product that has already reached commercial viability are expensed in the year in which they are incurred.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the year of their expected benefit, being their finite life of 10 years.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the year of their expected benefit, being their finite life of 7.5 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the year in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Borrowing costs
Borrowing costs attributable to qualifying assets are capitalised as part of the asset. All other borrowing costs are expensed in the year in which they are incurred.

Provisions and contingencies
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.
Contingent assets and contingent liabilities are not recognised unless the contingent liability is acquired as part of a business combination.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation expense and other post-employment benefits
Australian employees may nominate their own superannuation fund into which the Company pays superannuation contributions. The Company contributed the appropriate percentage of employee's salary to each employee's nominated fund or where a fund is not nominated by an employee, to a superannuation fund chosen by the Company. In addition, the Company pays pension contributions to foreign employees hired in their respective countries.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees, key management personnel and consultants. Equity-settled transactions are awards of shares, options over shares, or performance rights that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting year. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting year. The amount recognised in profit or loss for the year is the cumulative amount calculated at each reporting date less amounts already recognised in previous years.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting year, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting year, any remaining expense for the award is recognised over the remaining vesting year, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Fair Value Measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one year to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.
Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement year, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement year ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Contingent liabilities recognised in a business combination
A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Netlinkz Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (GST) and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Adoption of new and revised accounting standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Standards issued but not yet effective:

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting year ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the year the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Share Based Payments

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options with non-market conditions is determined by an internal valuation using a Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The fair value of shares is determined by the market price of the Company’s shares at the date of grant. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting year but may impact profit or loss and equity.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs of disposal. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and intangible assets.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, a discounted cash flow model is used based on a methodology consistent with that applied by the Group in determining the value of potential acquisition targets, maximising the use of market observed inputs. These calculations, classified as Level 3 on the fair value hierarchy, are compared to valuation multiples, or other fair value indicators where available, to ensure reasonableness.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The value-in-use calculation uses cash flow projections based on operating budgets and strategic business plans, after which a terminal value is applied, based on management's view of the expected long-term growth profile of the business. The determination of cash flows over the life of an asset requires management judgement in assessing the future number of customers, the number of branches and active devices, data usage, potential price changes as well as any changes to the costs of the product and other operating costs incurred by the Group. The implied pre-tax discount rate is calculated with reference to long-term government bond rates, external analyst views and the Group's pre-tax cost of debt.

In determining fair value less costs of disposal, the valuation model incorporates the cash flows projected over the balance of the current corporate plan year. Cash flows beyond this year are extrapolated using estimated growth rates, which are based on Group estimates, taking into consideration historical performance as well as expected long-term operating conditions. These projections are discounted using a risk-adjusted discount rate commensurate with a typical market participant's assessment of the risk associated with the projected cash flows.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill and indefinite life intangible assets are tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use and fair value less costs of disposal of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic factors.

Allocation of goodwill to cash-generating units
Management allocates goodwill acquired in a business combination to cash-generating units (CGUs) or a group of cash-generating units in a non-arbitrary way which is expected to benefit from the synergies of the combination.

Fair value of convertible notes at fair value through profit and loss (FVTPL)
The fair value is estimated using a net present valuation calculation using a discount rate derived from instruments with similar maturity and credit rating.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into two operating segments based on differences in geography: Australia & New Zealand and International of which China is the first material country starting operations to develop and sell products and services. Each region has a management team to oversee the local operations and undertakes local research and development, including source code specific to that country and/or region. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews monthly management and financial reports, including EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

NOTE 3. OPERATING SEGMENTS (CONTINUED)

Types of products and services

The principal products and services of each of these operating segments are as follows:

Consulting, design & implementation services	the design and implementation of secure network migration and deployment services and hardware.
Software & licensing revenue	the sale, licensing and support of software.

Operating segment information

For the year ended 30 June 2023	Australia & New Zealand	China	Corporate	Netlinkz Group
	$	$	$	$
Revenue	5,806,485	14,864,513	-	20,670,998
Cost of sales	(2,809,641)	(13,703,130)	-	(16,512,771)
Gross profit	2,996,844	1,161,383	-	4,158,227
Other income	51,614	3,449	353,787	408,850
Business development and marketing expenses	(1,216,982)	-	-	(1,216,982)
Employee and consultant expenses	(5,170,053)	(1,387,419)	-	(6,557,472)
Admin, office and corporate expenses	(2,374,148)	(81,631)		(2,455,779)
Research and development expenses	(342,264)	(1,284,317)	-	(1,626,581)
Employee share-based payment expenses	-	-	(1,378,240)	(1,378,240)
Other share-based payment expenses	-	-	(465,890)	(465,890)
Other expenses	(1,155,025)	(119,501)	-	(1,274,526)
Total earnings before interest, tax, depreciation and amortisation	**(7,210,014)**	**(1,708,036)**	**(1,490,343)**	**(10,408,393)**
Depreciation and amortisation	(817,898)	(60,103)	-	(878,001)
Finance costs	(599,170)	(2,135)	-	(601,305)
Loss before income tax from continuing operations	**(8,627,082)**	**(1,770,274)**	**(1,490,343)**	**(11,887,699)**

NOTE 3. OPERATING SEGMENTS (CONTINUED)

For the year ended 30 June 2022	Australia & New Zealand	China	Corporate	Netlinkz Group
	$	$	$	$
Revenue	3,266,502	12,434,928	-	15,701,430
Cost of sales	(775,165)	(10,889,185)	-	(11,664,350)
Gross profit	2,491,337	1,545,743	-	4,037,080
Other income	33,492	13,350	249,808	296,650
Business development and marketing expenses	(267,698)	-	-	(267,698)
Employee and consultant expenses	(4,147,601)	(1,532,786)	-	(5,680,387)
Admin, office and corporate expenses	(1,580,702)	(101,925)	-	(1,682,627)
Research and development expenses	(200,085)	(297,855)	-	(497,940)
Employee share-based payment expenses	-	-	(1,168,236)	(1,168,236)
Other share-based payment expenses	-	-	(237,328)	(237,328)
Net fair value loss on debt arrangement	-	-	(1,429,772)	(1,429,772)
Other expenses	(268,338)	(200,162)	-	(468,500)
Total earnings before interest, tax, depreciation and amortisation	**(3,939,595)**	**(573,635)**	**(2,585,528)**	**(7,098,758)**
Depreciation and amortisation	(861,605)	(98,147)	-	(959,752)
Finance (costs)/income	(368,646)	21,325	-	(347,321)
Loss before income tax from continuing operations	**(5,169,846)**	**(650,457)**	**(2,585,528)**	**(8,405,831)**

as at 30 June 2023	Australia & New Zealand	China	Corporate	Netlinkz Group
Summarised balance sheet	$	$	$	$
Current assets	8,155,651	2,825,405	494,762	11,475,818
Current liabilities	(5,639,017)	(262,241)	(1,838,311)	(7,739,569)
Current net assets	**2,516,634**	**2,563,164**	**(1,343,549)**	**3,736,249**
Non-current assets	7,563,451	2,939,486	1,257,230	11,760,167
Non-current liabilities	(3,303,692)	-	-	(3,303,692)
Non-current net assets	**4,259,759**	**2,939,486**	**1,257,230**	**8,456,475**
Net assets	**6,776,393**	**5,502,650**	**(86,319)**	**12,192,724**

NOTE 3. OPERATING SEGMENTS (CONTINUED)

as at 30 June 2022	Australia & New Zealand	China	Corporate	Netlinkz Group
Summarised balance sheet	**$**	**$**	**$**	**$**
Current assets	231,391	4,382,212	1,196,751	5,810,354
Current liabilities	(526,846)	(40,679)	(1,815,309)	(2,382,834)
Current net assets	**(295,455)**	**4,341,533**	**(618,558)**	**3,427,520**
Non-current assets	7,853,783	4,122,637	495,345	12,471,765
Non-current liabilities	(88,597)	-	-	(88,597)
Non-current net assets	**7,765,186**	**4,122,637**	**495,345**	**12,383,168**
Net assets	**7,469,731**	**8,464,170**	**(123,213)**	**15,810,688**

NOTE 4. REVENUE AND OTHER INCOME

Disaggregation of revenue

	Consolidated for the year ended	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Consulting, design and implementation revenue	15,951,850	13,045,698
Software, service and licensing revenue	4,719,148	2,655,732
Total revenue	20,670,998	15,701,430

NOTE 4. REVENUE AND OTHER INCOME (CONTINUED)

Other income

	Consolidated for the year ended 30 Jun 2023 $	30 Jun 2022 $
Interest income	6,523	21,325
Grants and research and development tax offset	347,264	249,808
Other income	55,063	25,517
Total other income	408,850	296,650

Revenue	Consulting, design & implementation revenue 30 Jun 2023 $	Software and licensing revenue 30 Jun 2023 $	Total 30 Jun 2023 $
Primary geographical markets			
Australia	1,087,336	3,005,679	4,093,015
New Zealand	-	1,713,470	1,713,470
China	14,864,513	-	14,864,513
	15,951,849	4,719,149	20,670,998
Timing of revenue recognition			
Products transferred at point in time	1,087,336	2,230,610	3,317,946
Products and services transferred over time	14,864,513	2,488,539	17,353,052
	15,951,849	4,719,149	20,670,998

Revenue	Consulting, design & implementation revenue 30 Jun 2022 $	Software and licensing revenue 30 Jun 2022 $	Total 30 Jun 2022 $
Primary geographical markets			
Australia	601,570	530,114	1,131,684
New Zealand	-	2,125,618	2,125,618
China	12,444,128	-	12,444,128
	13,045,698	2,655,732	15,701,430
Timing of revenue recognition			
Products transferred at point in time	4,266,655	330,918	4,597,573
Products and services transferred over time	8,779,043	2,324,814	11,103,857
	13,045,698	2,655,732	15,701,430

NOTE 5. EXPENSES

(a) Cost of sales

Direct costs associated with design, implementation and hardware costs of sales in Australia, New Zealand, and China.

(b) Financing costs

Costs and facilitation fees incurred to secure financing and funding for the Group.

(c) Employee share-based payment expenses

Incentives paid to directors and employees settled in shares or options.

(d) Other share-based payment expenses

The Company paid contractors, suppliers, and financiers for services during the year.

(e) Net fair value loss on debt settlements

The Group settled outstanding debts, fees and claims using shares and options. Net fair value loss represents the difference between the fair value of instruments used for debt settlements and carrying amount of the debts, fees and claims.

(f) Included in expenses are the following costs:

	Consolidated for the year ended	
	30 Jun 2023	30 Jun 2022
	$	$
Foreign exchange loss	23,175	53,252
Amortisation expense	751,410	750,991
Interest expense	566,504	310,891
Compliance and listing costs	158,608	207,952
Rental expense	126,591	81,180
Depreciation expense	123,543	54,744

NOTE 6. INCOME TAX

	Consolidated for the year ended	
	30 Jun 2023	30 Jun 2022
	$	$
Income tax expense		
Current income tax expense	-	-
Deferred income tax expense	-	-
Total income tax expense	-	-

NOTE 6. INCOME TAX (CONTINUED)

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	Consolidated for the year ended	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Accounting loss before income tax	(11,887,699)	(8,405,831)
Prima facie tax payable on loss from ordinary activities before income tax at 25% (2022 25%).	(2,971,925)	(2,101,458)
Add/(less) tax effect of:		
Non-deductible expenses	23,952	3,388
Non-deductible share and options expenses	702,692	351,391
Non-deductible fair value loss on debt settlement	-	356,693
Non-assessable government grants	(87,061)	(52,452)
Foreign operations	41,492	98,777
Tax losses not recognised	(2,290,850)	(1,343,661)
Effect of temporary differences arising in the period for which no DTA is recognised - Australia	(32,534)	(21,551)
Effect of tax losses arising in the period for which no DTA is recognised - Australia	1,589,904	1,077,560
Effect of tax losses arising in the period for which no DTA is recognised at local tax rates - Foreign	733,480	287,652
Income tax expense	-	-
Unused tax losses on which no deferred tax has been recognised - Income (Australia)	56,028,484	50,553,189
Unused tax losses on which no deferred tax has been recognised - Income (Foreign)	6,075,975	1,150,610
Unused tax losses on which no deferred tax has been recognised - Capital (Australia)	9,596,682	9,596,682
Revenue losses Australia		
Tax losses brought forward on which no DTA has been recognised	50,553,189	46,130,548
Reduction in tax losses arising during the year on lodgement of the income tax return	(884,322)	72,400
Gross tax losses arising in the year for which no DTA has been recognised	6,359,617	4,350,241
	56,028,484	50,553,189
Revenue losses Foreign		
Tax losses brought forward on which no DTA has been recognised	3,142,057	1,991,448
Gross tax losses arising in the current period for which no DTA is recognised	2,933,918	1,150,610
	6,075,975	3,142,057

NOTE 6. INCOME TAX (CONTINUED)

	Consolidated as at	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Deferred Tax Asset balance comprises:		
Internally generated software	458,575	458,575
Deferred consideration on SSI Pacific Pty Ltd acquisition	510,000	510,000
Accruals	118,549	81,372
Provision for annual leave	36,677	27,007
Lease liability	25,535	37,145
Borrowing costs	68,160	103,513
Capital raising costs	299,133	438,144
Tax and capital losses	16,406,291	15,037,468
DTA not recognised	(17,922,920)	(16,693,224)
	-	-
Deferred Tax Liability balance comprises:		
Customer contracts and relationships acquired	(295,923)	(448,475)
Right of use asset	(24,357)	(35,734)
Unrealised FX	(7,633)	(6,606)
Offset against DTA/not recognised	327,912	490,815
	-	-
Net deferred tax expense	-	-

The availability of the Australian tax losses are subject to the Company's ability to satisfy the requirement for utilisation.

NOTE 7. CASH AND CASH EQUIVALENTS

	Consolidated as at	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Cash at bank	712,852	2,689,024

NOTE 8. TRADE AND OTHER RECEIVABLES

	Consolidated as at	
	30 Jun 2023	30 Jun 2022
	$	$
Trade receivables	2,386,844	1,805,676
GST/VAT receivable	57,939	-
Security deposits	3,577	13,215
Prepayments	1,125,543	712,695
Trade and other receivables	3,573,903	2,531,586

	Consolidated as at	
	30 Jun 2023	30 Jun 2022
	$	$
Other receivables	584,937	432,578

NOTE 9. INVENTORY

	Consolidated as at	
	30 Jun 2023	30 Jun 2022
	$	$
Inventory	6,604,126	78,583

Inventory predominantly relates to Starlink satellite equipment which is expected to be sold within the next twelve months. The inventory is recorded at cost.

NOTE 10. INTANGIBLE ASSETS

	Goodwill	Customer contracts and relationships	Internally generated software	Total
For the year ended 30 June 2023	$	$	$	$
Opening net book amount	9,531,080	1,432,473	1,178,611	12,142,164
Additions	-	1,027	19,042	20,069
Amortisation charge	-	(302,810)	(448,600)	(751,410)
Closing net book amount	9,531,080	1,130,690	749,053	11,410,823
As at 30 June 2023				
Cost	9,531,080	2,196,000	2,399,082	14,126,162
Accumulated amortisation and impairment	-	(1,065,310)	(1,650,029)	(2,715,339)
Net book amount	9,531,080	1,130,690	749,053	11,410,823

NOTE 10. INTANGIBLE ASSETS (CONTINUED)

When reviewing for indicators of impairment, the Company initially considers the relationship between its market capitalisation and its book value, among other factors specific to each cash generating unit (CGU).

As the Company acquires operations and reorganises the way operations are managed, reporting structures may change, giving rise to the reassessment of CGUs and/or the allocation of goodwill to those CGUs.

The Company performed a detailed impairment review of goodwill and concluded that there was no impairment for the financial year ended 30 June 2023.

For the purposes of the impairment testing, goodwill is allocated to CGUs. The carrying amount of each CGU is compared to its recoverable amount. In assessing for impairment, the Company's assets are grouped at the lowest level of separately identifiable cash inflows, which are largely independent of the cash flows from other assets or CGUs. Assets, apart from goodwill that has previously recognised impairment, are reviewed for possible reversal at the end of each reporting period.

The Company has allocated the goodwill from the acquisition of AOFA to the AOFA CGU which is included within the China segment. The Company has allocated the goodwill from the acquisition of SSI Pacific to the SSI Pacific CGU which is the operating segment expected to benefit from the acquisition. The Company has allocated the goodwill from the acquisition of Southcloud Holdings Pty Limited to the Southcloud CGU which is the cash generating unit expected to benefit from the acquisition.

The following table sets out a summary of the goodwill allocation and impairment testing assumptions:

	China	Southcloud	SSI	Total
Goodwill allocation	2,992,032	149,265	6,389,783	9,531,080
Pre-tax discount rate	N/A	15%	15%	N/A
Revenue growth rate	N/A	Years 1 to 5: 0-277%	Years 1 to 5: 8-10%	N/A
Revenue multiple	1-3x	N/A	N/A	N/A

Discount rates reflect specific risks relating to the relevant segments.

Revenue growth rate over the two to five years forecast period based on conservative management estimates and Budgets.

Revenue multiple is the cash flow multiple used to extrapolate cash flows beyond the budget period of 5 years.

Recoverable amounts for CGU's

The recoverable amounts for China, Southcloud and SSI CGU's have been determined based on a value-in-use calculation using five-year post-tax cash flow projections with a terminal value.

Sensitivity

As disclosed in Note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

Forecast revenue would need to decrease by more than 20% for China, 100% for Southcloud and 35% for SSI before goodwill would need to be impaired, with all other assumptions remaining constant.

The discount rate would be required to increase to 40% for China, 100% for Southcloud and 55% for SSI before goodwill would need to be impaired, with all other assumptions remaining constant.

NOTE 10. INTANGIBLE ASSETS (CONTINUED)

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the CGU's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in an impairment charge to goodwill.

NOTE 11. TRADE AND OTHER PAYABLES

	Consolidated as at	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Trade payables, other payables, and accruals	2,530,618	1,100,566

NOTE 12. EMPLOYEE BENEFITS

	Consolidated as at	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Employee benefits	146,707	108,026

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required year of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The above amounts reflect annual leave that has accrued as at the reporting date.

NOTE 13. BORROWINGS

	Consolidated as at	
	30 Jun 2023	**30 Jun 2022**
Current	**$**	**$**
Borrowings - unsecured	2,000,000	75,750
Borrowings - secured	2,000,000	-
	4,000,000	75,750
Non-current		
Borrowings - unsecured - related party	3,250,000	-
	3,250,000	-

NOTE 13. BORROWINGS (CONTINUED)

Current

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 30 September 2023. Subsequent to year end the maturity date was extended to 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 loan was initially for a period of three months. Subsequent to year end the maturity date was extended to 4 October 2023;

Non-current

On 9 May 2022 the Company executed an agreement with Booker Super Services Pty Limited for a $10,000,000 facility. The facility is unsecured and has an interest rate of the Australian cash rate plus 6.45%, and has a maturity date of 30 June 2025.

On 20 September 2023 the loan facility with Booker Super Service Pty Ltd was terminated as the Company was informed by Booker Super Services that it will be unable to provide additional funding under the facility. The loan balance will not be repaid early, and maintains its existing maturity date of 30 June 2025.

NOTE 14. OTHER LIABILITIES

(a) Other current liabilities

	Consolidated as at	
Other current liabilities	30 Jun 2023	30 Jun 2022
	$	$
Unearned income	449,923	563,704
Payroll tax and other statutory liabilities	324,428	254,228
AASB 16 lease liability	92,893	59,983
GST/VAT payable	-	60,177
Accrued Directors fees	195,000	160,400
	1,062,244	1,098,492

(b) Other non-current liabilities

	Consolidated as at	
	30 Jun 2023	30 Jun 2022
	$	$
AASB 16 lease liability	53,692	88,597
	53,692	88,597

NOTE 15. EQUITY – ISSUED CAPITAL

	Consolidated		Consolidated	
	30 Jun 2023	30 Jun 2023	30 Jun 2022	30 Jun 2022
	Shares	$	Shares	$
Ordinary shares - fully paid	3,791,966,295	130,077,646	3,265,909,706	122,528,735
Total issued capital	3,791,966,295	130,077,646	3,265,909,706	122,528,735

NOTE 15. EQUITY – ISSUED CAPITAL (CONTINUED)

Movements in ordinary share capital – Year ended 30 June 2023

	Notes	Number of shares	$
Opening balance 1 July 2022		3,265,909,706	122,528,735
Issue of shares – placement	(i)	457,516,340	7,000,000
Issue of shares – services performed	(ii)	54,555,554	709,218
Issue of shares – performance rights	(iii)	10,000,000	194,300
Issue of shares – director's fees	(iv)	3,984,695	145,393
		3,791,966,295	130,577,646
Less: Capital raising costs arising on share issues			(500,000)
Closing balance 30 June 2023		3,791,966,295	130,077,646

Movements in ordinary share capital – Year ended 30 June 2022

	Number of shares	$
Opening balance 1 July 2021	3,191,671,270	120,447,809
Issue of shares – exercise of options	41,000,000	820,000
Issue of shares – debt settlement	6,846,197	194,432
Issue of shares – services performed	8,142,354	275,000
Issue of shares – performance rights	6,500,000	461,494
Issue of shares – termination benefits	1,749,885	30,000
Issue of shares – staff incentives	10,000,000	300,000
	3,265,909,706	122,528,735
Less: Capital raising costs arising on share issues		-
Closing balance 30 June 2022	3,265,909,706	122,528,735

(i) Placement

On 22 February 2023 the Company issued 261,437,909 shares at a price of $0.0153 per share to Regal Funds Management Pty Ltd on behalf of certain of its investment funds under the $20.5m Equity Placement Facility. The final number of shares to be issued, and the related issue price for these shares, is pending finalisation.

On 30 December 2022 the Company issued 196,078,431 shares at a price of $0.0153 per share to Regal Funds Management Pty Ltd on behalf of certain of its investment funds under the $20.5m Equity Placement Facility.

(ii) Services performed

On 25 November 2022, at the Company Annual General Meeting, 8,000,000 shares were issued to several individuals in relation to services performed. On 16 November 2022 7,277,777 shares were issued to employees as a performance bonus, at a deemed price of $0.018 per share and 2,000,000 shares were issued as a sign on bonus, at a deemed price of $0.025 per share. On 9 June 2023 30,000,000 shares were issued in relation to a financing arrangement, at a deemed price of $0.009 per share. On 30 June 2023 7,277,777 shares were issued to employees as a performance bonus, at a deemed price of $0.008 per share.

NOTE 15. EQUITY – ISSUED CAPITAL (CONTINUED)

(iii) Performance rights

On 17 April 2023 1,333,333 performance rights were converted to shares for service performed by employees. On 3 January 2023, 5,000,000 performance rights were converted to shares for service performed by Rotem Salomonovitch, a key management personnel. On 11 November 2022 3,666,667 performance rights were converted to shares for service performed by employees.

(iv) Directors' fees

On 25 November 2022, at the Company Annual General Meeting, it was resolved to issue 3,984,695 shares to Directors as part of their remuneration for prior services performed, instead of making cash payments.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the consolidated entity may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTE 16. SHARE BASED PAYMENTS

Options

	30 Jun 2023	**30 Jun 2022**
Options	75,500,000	80,500,000

Unissued ordinary shares under option:

Details	Grant date	Number of options	Average exercise price $
Opening balance 1 July 2022		80,500,000	
Options granted	20-Oct-22	10,000,000	0.125
Options expired		(15,000,000)	
Closing balance 30 June 2023		75,500,000	

NOTE 16. SHARE BASED PAYMENTS (CONTINUED)

On 20 October 2022 the Company granted 10,000,000 options to Mr. Hakan Eriksson on his appointment as a Director of the Company. The options were issues in four tranches, with an average exercise price of $0.125 per share. 50% of the options vested immediately, and the remaining 50% vest over 18 months from the date of his appointment.

On 24 December 2022 10,000,000 options with an average exercise price of $0.20 per share expired. On 24 September 2022 5,000,000 options with an average exercise price of $0.06 per share expired.

Share options outstanding as at 30 June 2023 have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	30 Jun 2023	30 Jun 2022
10-Dec-19	24-Sep-23	0.16	2,500,000	2,500,000
24-Dec-19	24-Dec-22	0.20	-	10,000,000
24-Sep-20	24-Sep-22	0.06	-	5,000,000
19-Nov-20	1-Sep-23	0.10	10,000,000	10,000,000
19-Nov-20	1-Sep-23	0.15	10,000,000	10,000,000
19-Nov-20	1-Sep-23	0.20	10,000,000	10,000,000
19-Nov-20	1-Sep-23	0.25	10,000,000	10,000,000
19-Nov-20	24-Dec-23	0.10	3,000,000	3,000,000
16-Jun-21	1-Sep-23	0.10	5,000,000	5,000,000
16-Jun-21	1-Sep-23	0.15	5,000,000	5,000,000
16-Jun-21	1-Sep-23	0.20	5,000,000	5,000,000
16-Jun-21	1-Sep-23	0.25	5,000,000	5,000,000
20-Oct-22	1-Sep-25	0.05	2,500,000	-
20-Oct-22	1-Sep-25	0.10	2,500,000	-
20-Oct-22	1-Sep-25	0.15	2,500,000	-
20-Oct-22	1-Sep-25	0.20	2,500,000	-

Performance rights

	30 Jun 2023	30 Jun 2022
Performance rights	168,666,667	60,000,000

Details	Number of performance rights
Opening balance 1 July 2022	60,000,000
Performance rights granted	176,000,000
Performance rights converted to shares	(10,000,000)
Performance rights expired	(57,333,333)
Closing balance 30 June 2023	168,666,667

NOTE 16. SHARE BASED PAYMENTS (CONTINUED)

During the year ended 30 June 2023, the Company issued 176,000,000 performance rights to employees which are subject to employees meeting individual and Company performance hurdles.

The Company also issued 50,000,000 performance rights to a Director of the Company, Mr James Tsiolis. The hurdles for vesting of these performance rights are 25,000,000 in the event that the 90 day VWAP is greater than $0.075 per share and 25,000,000 in the event that the 90 day VWAP is greater than $0.10 per share.

During the year ended 30 June 2023, 57,333,333 performance rights issued to employees expired as the related individual and/or Company performance hurdles were not met.

NOTE 17. EQUITY – RESERVES

	Consolidated as at	
	30 Jun 2023	30 Jun 2022
	$	$
Foreign currency translation reserve	(165,305)	(40,318)
Share based payments reserve	14,353,328	13,412,718
Total reserves	14,188,023	13,372,400

Share based payments and options reserve

This reserve is used to record the value of equity benefits provided for the issue of equity instruments.

NOTE 18. EQUITY – ACCUMULATED LOSSES

	Consolidated as at	
	30 Jun 2023	30 Jun 2022
	$	$
Accumulated losses at the beginning of the year	(120,200,785)	(111,789,961)
Loss after income tax expense for the year	(11,826,463)	(8,410,824)
Accumulated losses at the end of the year	(132,027,248)	(120,200,785)

NOTE 19. NON-CONTROLLING INTERESTS

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Beijing iLinkAll Science and Technology Co

Summarised balance sheet	**30 Jun 2023**	**30 Jun 2022**
	$	**$**
Current assets	444,547	593,832
Current liabilities	(198,705)	(78,666)
Current net assets	245,842	515,166
Non-current assets	186,794	36,526
Non-current liabilities	-	-
Non-current net assets	186,794	36,526
Net assets	432,636	551,692
Accumulated non-controlling interests	(45,697)	110,338

Summarised statement of comprehensive income	**2023**	**2022**
	$	**$**
Revenue	372,404	1,375,176
(Loss)/profit for the year	(288,505)	24,966
Other comprehensive income	-	-
Total comprehensive income	(288,505)	24,966
(Loss)/profit allocated to non-controlling interests	(61,237)	4,993

Summarised cash flows	**2023**	**2022**
	$	**$**
Cash flows from operating activities	(129,055)	(135,681)
Cash flows from investing activities	-	-
Cash flows from financing activities	(34,162)	-
Effect of movement in exchange rates on cash held	(28,082)	9,822
Net (decrease)/increase in cash and cash equivalents	(191,299)	(125,859)

NOTE 20. BUSINESS COMBINATION

(a) Summary of acquisition

There were no business combinations during the year ended 30 June 2023.

Acquisition of Southcloud Holdings Pty Limited

On 29 June 2022 the Company acquired 100% of the issued share capital of Southcloud Holdings Pty Limited and its wholly owned subsidiary Southcloud Pty Ltd (together Southcloud). Southcloud is an Internet Service Provider based in regional New South Wales offering bundled product solutions to consumers and Small and Medium Enterprises (SME's). Southcloud is a channel to market for NaaS and Starlink, Netlinkz's technology to remotely service clients.

Details of the acquisition are as follows:	**Fair value** **$**
Current assets	
Cash and cash equivalents	26,729
Receivables	198,386
GST recoverable	80,887
Other debtors	34,684
Inventory	78,583
Total current assets	**419,269**
Non-current assets	
Office furniture and equipment	23,804
Software	24,679
Total non-current assets	**48,483**
Total assets	**467,752**
Current liabilities	
Accounts payable	210,972
Other payables and accruals	151,058
Total current liabilities	**362,030**
Non-current liabilities	
Other borrowings	75,750
Total non-current liabilities	**75,750**
Total liabilities	**437,780**
Net assets	**29,972**
Net assets acquired	29,972
Goodwill	149,265
	179,237
Fair value of total consideration transferred at acquisition date representing:	
Cash	179,237

NOTE 20. BUSINESS COMBINATION (CONTINUED)

A loan to Southcloud Holdings, made before acquisition, was effectively forgiven as at the date of acquisition, bringing the total consideration, including consideration paid to the vendors, to $1,609,009. The goodwill is attributable to the customer base. The business is projected to be profitable. The Group applied provisional accounting on its measurement of its purchase price allocation permitted under AASB3 Business Combinations. This has now been finalised with no adjustments made to provisional accounting.

Revenue and profit contribution

Given that the Company was acquired at the end of the prior year, it made no contribution to earnings before interest, tax, depreciation and amortisation for the year ended 30 June 2022.

NOTE 21. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated for the year ended	
	30 Jun 2023	30 Jun 2022
	$	$
Loss after income tax benefit for the year	**(11,887,699)**	**(8,405,831)**
Adjustment for non-cash transactions:		
Depreciation and amortisation	878,001	959,752
Foreign exchange differences	23,175	54,744
Fair value loss on debt settlement	-	1,429,772
Operating expenses paid in shares and options	465,890	237,328
Share based payments	1,378,240	1,168,238
Others	72,116	282,758
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,116,093)	(24,414)
Increase in inventory	(6,682,709)	-
Increase/(decrease) in trade and other payables	1,339,849	(1,880,520)
Increase/(decrease) in unearned income	(113,780)	166,039
Increase in employee benefits	38,681	(208,078)
Net cash flows used in operating activities	**(15,604,329)**	**(6,220,212)**

NOTE 22. LOSS PER SHARE

	Consolidated for the year ended	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Loss per share for loss from continuing operations		
Loss after income tax attributable to the owners of Netlinkz Limited	(11,826,463)	(8,410,824)

	Consolidated for the year ended	
	30 Jun 2023	**30 Jun 2022**
Weighted average number of ordinary shares used in calculating basic diluted loss per share	3,510,411,634	3,247,410,324

	$	$
Basic loss per share	(0.0034)	(0.0026)
Diluted loss per share	(0.0034)	(0.0026)

	Number	Number
Number of shares under options or rights	243,166,667	140,500,000

NOTE 23. INTERESTS IN MATERIAL SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

		Ownership interest	
		30 Jun 2023	**30 Jun 2022**
Name	**Principal place of business/ Country of incorporation**	**%**	**%**
Netlinkz Global Services (Aust & NZ) Pty Limited	Australia	100%	100%
Netlinkz Technology Pty Ltd	Australia	100%	100%
ISC (Australia) Pty Ltd	Ireland	100%	100%
SSI Pacific Pty Ltd	Australia	100%	100%
AoFa Software Engineering (Shanghai) Co. Ltd	China	100%	100%
Beijing iLinkAll Science and Technology Co	China	80%*	80%
Netlinkz Technology Hong Kong Limited	Hong Kong	100%	100%
Netlinkz Japan K.K.	Japan	100%	100%
Netlinkz (Private) Limited	Pakistan	100%	0%
Southcloud Holdings Pty Ltd	Australia	100%	100%
Southcloud Pty Ltd	Australia	100%	100%
Netlinkz International Technology Limited	Ireland	100%	100%

*Acquisition of remaining 20% pending completion of legal transfer only.

NOTE 24. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company, its network firms and unrelated firms:

	Consolidated for the year ended	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Auditors of the Group – BDO Audit Pty Ltd		
Audit and review of financial statements		
Group	148,000	120,500
Controlled entities and joint operations	48,536	45,402
Total audit and review of financial statements	196,536	165,902
Auditors of the Group – BDO (WA) Audit Pty Ltd		
Audit and review of financial statements		
Group	-	45,354
Controlled entities and joint operations	-	-
Total audit and review of financial statements	-	45,354
Other services	-	-
Total services provided by BDO	196,536	211,256

NOTE 25. COMMITMENTS

There were no commitments as at 30 June 2023 (30 June 2022: Nil).

NOTE 26. RELATED PARTY TRANSACTIONS

A number of directors of the Company, or their director-related entities, held positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities.

The terms and conditions of the transactions with directors and their director-related entities were no more favourable to the directors and their director-related entities than those available, or which might reasonably be expected to be available, on similar transactions to non-director-related entities on an arm's length basis.

The aggregate amounts recognised during the year (excluding reimbursement of expenses incurred on behalf of the Company) relating to directors and their director-related entities were as follows:

Issuance of shares, options and performance rights

Mr Hakan Eriksson was awarded 10,000,000 options on his appointment as a Non-Executive Director.

Mr James Tsiolis was awarded 50,000,000 performance rights at the 2022 AGM, and the award of shares are subject to the performance rights is subject to achieving certain performance hurdles.

Mr Rotem Salomonovitch was appointed on 9 August 2021, and was granted 14,500,000 performance rights on 29 December 2021. The performance rights have a performance period to 30 June 2022, and the award of shares was subject to achieving certain performance hurdles. 5,000,000 rights were converted to shares during the year, and the remainder lapsed.

NOTE 26. RELATED PARTY TRANSACTIONS (CONTINUED)

A further 25,500,000 performance rights were awarded to Mr Salomonovitch on 20 May 2022. 12,750,000 have a performance period to 30 June 2023 and 12,750,000 to 30 June 2024. The award of shares is subject to the performance rights were subject to achieving certain performance hurdles but lapsed during the year.

Mr Peter Gray was awarded 6,000,000 performance rights during the year, and the award of shares is subject to the performance rights are subject to achieving certain performance hurdles.

Parent entity

Netlinkz Limited is the parent entity.

Subsidiaries

Interests in material subsidiaries are set out in Note 22.

Key management personnel

Disclosures relating to key management personnel are set out in the remuneration report in the directors' report to this audited Annual Report.

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated for the year ended	
	30 Jun 2023	30 Jun 2022
	$	$
Short-term employee benefits	1,501,414	1,233,056
Post-employment benefits	51,712	59,336
Short-term benefits	29,635	17,309
Share-based payments	665,746	1,076,054
	2,248,507	2,385,755

Transactions with related parties

The following balances were outstanding at the reporting date in relation to transactions with related parties:

	Consolidated as at	
	30 Jun 2023	30 Jun 2022
Non-current liabilities		
Borrowings - unsecured - related party	3,250,000	-

On 9 May 2022 the Company executed an agreement with Booker Super Services Pty Limited for a $10.0 million facility. The facility is unsecured and has an interest rate of the Australian cash rate plus 6.45%, and has a maturity date of 30 June 2025. The facility incurred interest of $191,245 during the year ended 30 June 2023 (2022: nil).

During the year, $1.0 million was provided by entities associated with a Director of the Company, James Tsiolis. The funds were provided on s short-term basis for fees of $72,296. The loan was repaid, including fees, during the year.

NOTE 27. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity:

	Consolidated for the year ended	
	30 Jun 2023	30 Jun 2022
	$	$
Loss after income tax	10,646,649	6,612,835

	Consolidated as at	
	30 Jun 2023	30 Jun 2022
	$	$
Total current assets	3,001,466	3,282,613
Total non-current assets	21,336,741	15,296,445
Total assets	24,338,207	18,579,058
Total current liabilities	5,994,867	1,338,598
Total non-current liabilities	3,250,000	-
Total liabilities	9,244,867	1,338,598
Issued capital	127,305,087	119,746,165
Reserves	14,353,326	13,412,719
Accumulated losses	(126,565,073)	(115,918,424)
Total equity	15,093,341	17,240,460

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for plant, property and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for Investments in subsidiaries which are accounted for at cost, less any impairment, in the parent entity.

NOTE 28. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures but may do so as and when required. The consolidated entity uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by senior executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and mitigates financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The risk is not currently considered material.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value risk. At 30 June 2023 the consolidated entity's current borrowings outstanding of $4m incurred interest according to fixed interest rates. The consolidated entity’s non-current borrowings outstanding of $3.25m incurred interest according to variable interest rates at the Reserve Bank of Australia cash rate +6.45%. Interest expense is therefore at risk of fluctuations in this cash rate. A 1% increase in the Reserve Bank of Australia cash rate would result in a $32,500 increase in interest expense on the loan balance at 30 June 2023.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Trade receivables and contract assets

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

NOTE 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

As at 30 June 2023, the Group has $2,386,844 (2022: $1,805,676) in trade receivables. An expected credit loss provision of $50,055 (2022: $30,055) has been recognised.

Credit risk exposure

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower’s ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

The Group has considered the credit rating of the financial institutions with which it is engaged and determined an acceptable level of credit risk exposure.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Due to regulatory requirements and geopolitical factors, it is sometimes necessary to maintain higher levels of liquid assets in the foreign countries in which the Company has operations. In such cases, funds surplus to short term requirements are deposited in low-risk at-call financial products offered by trusted banking institutions. Often, these products do not meet the technical definition of Cash and cash equivalents under AASB107 Statement of Cash Flows and are instead disclosed as Financial assets at fair value through profit or loss (FVTPL).

NOTE 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financing arrangements

The Company had an unsecured short-term debt facility of $2.0m with Juel Litigation Finance Pty Ltd which was fully drawn at year end. The Company has a secured short-term debt facility for $2.0m with AFSG Capital Pty Ltd which was fully drawn at year end. The Company had an unsecured non-current facility of $10.0 million with Booker Super Services Pty Limited, of which $3.25 million was drawn at year end.

On 25 September 2023 the $2m loan with AFSG Capital was extended to 4 October 2023;

On 25 September 2023 the $2m loan with Juel was extended to 15 January 2024;

On 20 September 2023 the loan facility with Booker Super Service Pty Ltd was terminated as the Company was informed by Booker Super Services that it will be unable to provide additional funding under the facility. The loan balance will not be repaid early, and maintains its existing maturity date of 30 June 2025.

On 22 September 2023 the Company announced a Second Senior Note Facility to raise up to $12m, which is expected to raise funds for the Company by or around 31 October 2023.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2023	**Interest rate**	**1 year or less**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**
	%	**$**	**$**	**$**	**$**	**$**
Non-derivatives						
Non-interest bearing						
Trade payables and accruals		2,530,617	-	-	-	2,530,617
Interest bearing – fixed rate						
Borrowings	20-30%	4,828,800				4,828,800
Lease liability	12-17%	92,893	53,692			146,585
Interest bearing – variable rate						
Borrowings	Cash rate +6.45%	-	3,946,000	-	-	3,946,000
Total non-derivatives		7,452,310	3,999,692	-	-	11,452,002

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

NOTE 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated - 30 June 2022	Interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cash flows $
Non-derivatives						
Non-interest bearing						
Trade payables and accruals		942,047	-	-	-	942,047
Interest bearing – fixed rate						
Borrowings	-	75,750	-	-	-	75,750
Lease liability	12-17%	59,983	42,896	45,701	-	148,580
Total non-derivatives		1,077,780	42,896	45,701	-	1,166,377

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Fair value measurement

Fair value hierarchy

Recurring fair value measurements at 30 June 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Financial assets at FVPL				
Investment in private company	-	-	100,000	100,000
Total financial assets	-	-	100,000	100,000
Financial liabilities				
Other	-	-	-	-
Total financial liabilities	-	-	-	-

NOTE 28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Recurring fair value measurements at 30 June 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Financial assets at FVPL				
Investment in private company	-	-	100,000	100,000
Total financial assets	-	-	100,000	100,000
Financial liabilities				
Other	-	-	-	-
Total financial liabilities	-	-	-	-

There are no other assets or liabilities carried at fair value in the accounts as at 30 June 2023.

Recognised fair value measurements

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The level 3 financial asset is an investment in a private company which was initially recorded as cost and is considered for revaluation by management on an annual basis, based on financial and non-financial factors specific to the company in question. Based on this assessment, no material change in valuation was identified.

For other borrowings (other loans) the fair value is not materially different to their carrying value, since the interest payable on these borrowings is close to current market rates and the borrowings are short term in nature.

NOTE 29. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2023 (30 June 2022: Nil).

NOTE 30. EVENTS SUBSEQUENT TO REPORTING DATE

On 22 September 2023 the Company announced a Second Senior Note Facility to raise up to $12m, which is expected to raise funds for the Company by or around 31 October 2023.

On 29 September 2023 the $2m loan with AFSG Capital was extended to 4 October 2023;

On 29 September 2023 the $2m loan with Juel was extended to 15 January 2024;

On 20 September 2023 the loan facility with Booker Super Service Pty Ltd was terminated as the Company was informed by Booker Super Services that it will be unable to provide additional funding under the facility. The loan balance will not be repaid early, and maintains its existing maturity date of 30 June 2025.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

DIRECTORS DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position at 30 June 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will able to pay its debts as and when they become due and payable; and
- The Directors have been given the declarations required by section 295(a) of the Corporation act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(a) of the Corporations Act 2001.

James Tsiolis

CEO & Managing Director

Sydney NSW

Dated this 29th day of September 2023

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Netlinkz Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Netlinkz Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of Intangible Assets

Key audit matter	*How the matter was addressed in our audit*
At 30 June 2023, the carrying value of Intangible Assets was $11,410,823 as disclosed in Note 10. The assessment of the carrying value of Intangible Assets requires management to make significant accounting judgements and estimates in producing the valuation models used to determine whether the assets are appropriately carried. An annual impairment test for Intangible Assets is required for indefinite life assets or where there are indicators of impairment under Australian Accounting Standard (AASB) 136 *Impairment of Assets*. Refer to Note 10 for the detailed disclosures, which include the critical accounting judgements and estimates.	Our audit procedures to address the key audit matter included, but were not limited to, the following: • Analysing management's key assumptions used in the discounted cash flow models to determine their reasonableness; • Challenging the appropriateness of management's discount rates used in the discounted cash flow models which included engaging our internal valuation specialists; • Challenging management's assumptions around the timing of future cash flows; • Checking the arithmetic accuracy of the discounted cash flow models; • Performing sensitivity analysis on key assumptions to determine if there would be a significant change to the carrying value of the assets; • Assessing the reasonableness of revenue multiples used to calculate the fair value of cash generating units which included engaging our internal valuation specialists; and • Assessing the adequacy of the Group's disclosures in respect of Intangible Assets' carrying values and impairment assessment assumptions as disclosed in note 10 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Netlinkz Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Gareth Few

Gareth Few
Director

Sydney, 29 September 2023

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 22 September 2023.

1. Quotation

Listed securities in Netlinkz Limited are quoted in the Australian Securities Exchange under ASX code NET (fully paid ordinary shares.

2. Voting rights

The voting rights attached to fully paid ordinary shares of the Company (shares) are set out below:

At a meeting of the Company's members, every member may vote in person, or by proxy, or by attorney. On a show of hands every member has one vote, and on a poll every member has one vote for every Share held by the member. A member who is entitled to vote at a general meeting may appoint not more than 2 proxies to attend and vote on the members behalf. Subject to the Corporations Act, if a member appoints one proxy, that proxy may vote on a show of hands. If a member appoints two proxies, neither may vote on a show of hands, and the proxies may exercise the votes specified by the member, or, failing such specification, half of the votes each.

There are no voting rights attached to any Options or Performance Rights on issue.

3. Distribution of shareholders

a. Fully paid ordinary shares (ASX: NET)

Range	Total Holders	Units	% Units
1-1,000	439	141,185	0.00
1,001-5,000	356	1,075,477	0.03
5,001-10,000	356	2,863,704	0.08
10,001-100,000	1,923	83,725,860	2.21
Over 100,000	1,714	3,704,160,070	97.68
Rounding total	**4,788**	**3,791,966,296**	**100.00**

Unmarketable parcels

	Minimum parcel size	Holders	Units
Minimum $ 500.00 parcel at $ 0.0070 per unit	71,429	2,701	53,962,323

b. **Performance Rights (ASX: NETAAN) on issue: 168,666,667.** The Performance Rights have been issued to employees of Netlinkz and their vesting is subject to achieving Company and or individual milestones.

4. Twenty largest quoted equity security holders

Rank	Name	Units	% Units
1	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	140,823,193	3.71
2	ALPHA FIRST PTY LTD	126,698,922	3.34

3	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	93,049,621	2.45
4	REEF INVESTMENTS PTY LTD <T D NAIRN SUPER FUND A/C>	79,455,741	2.10
5	MR TREVOR DOUGLAS NAIRN <T D NAIRN FUND ACCOUNT>	68,035,592	1.79
6	DAWN MOWER'S (SURREY HILLS) PTY LTD	60,000,000	1.58
7	BUTTONWOOD NOMINEES PTY LTD	59,507,468	1.57
8	AKUNA FINANCE PTY LTD	55,243,012	1.46
9	SUTHERLAND FAMILY COMPANY PTY LTD <THE SWAN A/C>	54,832,335	1.45
10	SINGARA PTY LTD <GARGETT FAMILY A/C>	51,356,593	1.35
11	MR ANDREW SUTHERLAND + MS SALLY CAPP <SUTHERLAND S/F A/C>	44,900,000	1.18
12	THE CALABRIAN PTY LTD <CAPPIELLO INVESTMENT A/C>	44,451,032	1.17
13	GLUG GLUG PTY LTD	42,500,000	1.12
14	ALZAMAY HOLDINGS PTY LTD <ALZAMAY SUPER FUND A/C>	42,254,984	1.11
15	GLUG GLUG PTY LTD	41,000,000	1.08
16	ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C>	39,950,000	1.05
17	TRANS-FORMING INVESTMENTS PTY LTD <TRANS-FORMING INVESTMEN A/C>	37,500,000	0.99
18	AGORA ASSET MANAGEMENT PTY LTD	36,477,142	0.96
19	JEM INVESTMENT FUND HOLDINGS PTY LTD <JEM INVEST FUND FAMILY A/C>	35,000,000	0.92
20	MR PAUL JAMES MENARY	34,145,214	0.90
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**1,187,180,849**	**31.31**
Total remaining holders balance		**2,604,785,447**	**68.69**

5. Substantial shareholders

The names of shareholders who have lodged substantial shareholders notices with the Company with holdings which represent a substantial holding as at 22 September 2023 are:

Name: Reef Investments Pty Ltd as trustee for T D Nairn Superannuation Fund (2), Reef Investments Pty Ltd as trustee for T D Nairn Superannuation Fund, and Trevor Douglas Nairn as trustee for The T D Nairn Trust

Holders of: an aggregate of 200,613.820 fully paid ordinary shares, representing 5.29%.

6. Restricted Securities

Nil

7. On-market buy back

There is currently no on market buy-back in place.