

Appendix 4E

30 June 2024

Fast,
Secure,
Simple

Appendix 4E (Rule 4.3A)

Preliminary final report for the year ended 30 June 2024

Company details

Name of entity: Netlinkz Limited
 ABN: 55 141 509 426
 Reporting year: For the year ended 30 June 2024
 Previous year: For the year ended 30 June 2023

Results for announcement to the market

(All comparisons to year ended 30 June 2023)

	30 Jun 2024	30 Jun 2023	Change
	\$	\$	%
Revenue from ordinary activities	21,553,213	20,670,998	Up 4
Income	21,629,742	21,079,848	Up 3
Net comprehensive loss attributable to members	(15,584,426)	(11,887,699)	Down 31
Loss after tax from ordinary activities	(15,584,426)	(11,887,699)	Down 31
Net comprehensive loss after tax from ordinary activities	(16,146,896)	(12,012,686)	Down 34

Loss per share

	30 Jun 2024	30 Jun 2023	Change
	\$	\$	%
Basic loss per share	(\$0.0039)	(\$0.0034)	Down 15
Diluted loss per share	(\$0.0039)	(\$0.0034)	Down 15

Net tangible assets per security

	30 Jun 2024	30 Jun 2023
	\$	\$
Net tangible assets per security	(0.0033)	0.0002

Netlinkz Limited

Results for announcement to the market

For the year ended 30 June 2024

Control gained or lost over entities in the year

Not applicable.

Dividends

Current year

There were no dividends paid, recommended or declared during the current financial year.

Previous year

There were no dividends paid, recommended or declared during the previous financial year.

Dividend reinvestment plan

Not applicable.

Dividends per security

Not applicable.

Details of associates and joint venture entities

The Company does not have any associates or joint venture entities. Refer to Note 15 Consolidated Entity Disclosure Statement for further information.

Foreign entity accounting standards

The Company compiled the consolidated financial information in accordance with International Financial Reporting Standards for all foreign entities.

Audit

The financial information provided in this Appendix 4E is based on accounts which are in the process of being audited. It is expected that the audit opinion will contain an emphasis of matter in relation to 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. Refer to note 1 for further detail.

Attachments

The preliminary final report of Netlinkz Limited for the year ended 30 June 2024 is attached.

Commentary on results

Netlinkz Limited (“Netlinkz” or the “Company or the “Group”) (ASX: NET) is pleased to provide its Appendix 4E Preliminary Financial Report (unaudited) for the financial year ended 30 June 2024 (FY24), together with the following commentary.

Revenues for the year were \$21,553,213 (2023:20,670,998) a 4% increase on the prior year and included a one-off sale of Starlink hardware, as the Company moved to restructure its position as a global reseller. The consolidated loss for the Group for the year 30 June 2024 was \$15.6 million (30 June 2023 \$11.9 million), which included a \$3.9 million cost of borrowings.

Whilst the company generated global revenues from bundling satellite broadband services, continued cost overruns, low margin hardware sales and back-office deficiencies led to the decision to cease the service as a global reseller.

The company had several delays in launching its next generation VSN software due to development deficiencies and continued missed milestones. This included missing a global launch with a telecommunications company in Southeast Asia causing a delay in revenue generation for this reporting period.

The company’s award winning cyber technology (on which the VSN is based) has been used for the last 4 years by many fortune 500 companies (such as Nike and Deutsche Bank) and NGOs, including the World Bank Water Sanitation Project in Chengdu, to secure their communications and data collection storage and analysis between various locations around the world and their head office operations. During that time there has not been any breach of communications or data whilst those companies have used Netlinkz cyber technology bundled with other IT services provided by iSoftstone.

Netlinkz Limited

Results for announcement to the market

For the year ended 30 June 2024

The company is pleased to announce that VSN+ is now available as a product for purchase by businesses of all sizes.

Netlinkz has undergone a major transformation to position itself for revenue growth in the cyber security space with the launch of VSN+ by undertaking significant cost reductions including reduced head count and has internalized the product development function with a focus on adding product features as identified its customers.

The satellite broadband services have allowed the company to establish key relationships and partners in the Southeast Asia region which will form the new sales channels for the company's product and services which have significantly higher margin.

The company is launching the VSN+ product in the Southeast Asia region with three key initiatives to generate VSN revenue through partnerships in the region.

- A joint venture with national telecommunications carrier PT&T, in the Philippines to sell VSN and other services, including lawful interception services, to its existing enterprise and government customers. This is a significant opportunity for the company given PT&T's 60+ years of experience and customer relationships in the Philippines
 - PT&T has 29.3 million household and 400,000 enterprise customers
 - PT&T has undertaken several VSN proof of concept trials with their customers across several industries including banking and financial services, health care, energy and utilities providers.
 - Entering into a reseller agreement to sell VSN through a global VOIP telecommunications service provider in Southeast Asia and Australia.

The PT&T joint venture represents a very significant opportunity for Netlinkz to sell VSN+ and services to PT&T's 400,000 enterprise customers and 29 million household customers. Netlinkz has developed pricing models with PT&T to suit the customers which require secure connectivity that doesn't add latency to their communications network. PT&T as a telecommunications company is focused on providing value added high performance secure network services bundled with its various forms of broadband services to its existing customers,

SSI will continue to develop new revenue sources in lawful interception and cybersecurity with a focus in Southeast Asia which is a developing market with significant regulatory opportunities for their product and value-added services.

The Company is looking to restructure its debt facilities with a single debt provider refinancing the short-term expensive loans. All existing lenders are supporting an extension to their loans with tenure to ensure the company has enough runway to negotiate a single new long-term loan facility. We expect to finalise the terms facility by the end of September 2024.

The company is currently in negotiations to sell its China business as a result of the continuing geopolitical challenges post COVID. Whilst the China business contributed revenue to the company, it was not yet at cashflow breakeven. The sale of the China business will also allow the company to focus on revenue and profitable business in its immediate region.

Board and Management

As part of cost reduction measures the Company accepted the resignations of Mr Eriksson, Mr Stickland and Mr Geoff Raby AO, during the year.

James Tsiolis | CEO & Managing Director | E: jtsiolis@netlinkz.com | P: + 1300 134 799

Netlinkz Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

Continuing operations	Note	Consolidated for the year ended	
		30 Jun 2024	30 Jun 2023
		\$	\$
Revenue	5	21,553,213	20,670,998
Other income	5	76,529	408,850
Employee benefits expense		(5,243,434)	(7,286,456)
Research and development expenses		(1,681,427)	(1,626,581)
Business development and marketing expenses		(589,544)	(1,216,982)
Professional fees		(4,683,807)	(2,857,408)
Hardware and consumables used		(17,663,126)	(16,512,771)
Other expenses		(2,582,102)	(1,988,043)
Depreciation and amortisation expense		(891,329)	(878,001)
Finance expenses		(3,879,399)	(11,887,699)
Loss before income tax expense		(15,584,426)	(11,887,699)
Income tax expense		-	-
Loss after income tax expense for the year		(15,584,426)	(11,887,699)
Other comprehensive income			
<i>Items that will be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(562,470)	(219,785)
Other comprehensive loss for the year, net of tax		(562,470)	(219,785)
Total comprehensive loss for the year		(16,146,896)	(12,107,484)
<i>Loss for the year is attributable to:</i>			
Members of the parent entity		(15,430,338)	(11,826,463)
Non-controlling interests		(154,088)	(61,236)
		(15,584,426)	(11,887,699)
<i>Total comprehensive loss for the year attributable to:</i>			
Members of the parent entity		(16,235,149)	(11,951,449)
Non-controlling interests		88,253	(156,035)
		(16,146,896)	(12,107,484)
Loss per share from continuing operations		\$	\$
Basic loss per share	14	(0.0039)	(0.0034)
Diluted loss share	14	(0.0039)	(0.0034)

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 2024

		Consolidated as at	
	Note	30 Jun 2024	30 Jun 2023
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		884,166	712,852
Trade and other receivables	5	3,261,032	3,033,297
Inventory	6	15,443	6,604,126
Other assets		446,841	1,125,543
Total current assets		4,607,482	11,475,818
Non-current assets			
Property, plant and equipment		13,434	16,327
Investments		100,000	100,000
Right of use assets		82,714	233,017
Intangible assets	7	10,637,726	11,410,823
Total non-current assets		10,833,874	11,760,167
Total assets		15,441,356	23,235,985
LIABILITIES			
Current liabilities			
Trade and other payables	8	4,703,519	3,050,046
Borrowings	10	310,000	4,000,000
Contract liabilities		206,605	449,923
Lease liabilities		67,846	92,893
Employee benefits	9	86,757	146,707
Total current liabilities		5,374,727	7,739,569
Non-current liabilities			
Borrowings	10	13,349,869	3,250,000
Lease liabilities		23,537	53,692
Total non-current liabilities		13,373,406	3,303,692
Total liabilities		18,748,133	11,043,261
Net assets		(3,306,777)	12,192,724
Equity			
Issued capital	11	130,725,041	130,077,646
Reserves	12	(970,116)	14,188,023
Accumulated losses	13	(133,104,258)	(132,027,248)
Capital and reserves attributable to members of the parent entity		(3,349,333)	12,238,421
Non-controlling interests		42,556	(45,697)
Total equity		(3,306,777)	12,192,724

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 2024

Attributable to owners of Netlinkz Limited

	Notes	Issued capital	Reserves	Accumulated losses	Total equity	Non-controlling interest	Total equity
		\$	\$	\$	\$	\$	\$
Consolidated							
Balance at 1 July 2023		130,077,646	14,188,023	(132,027,248)	12,238,421	(45,697)	12,192,724
Loss for the year		-	-	(15,430,338)	(15,430,338)	(154,088)	(15,584,426)
Other comprehensive income		-	(804,811)	-	(804,811)	242,341	(562,470)
Total comprehensive loss for the year		-	(804,811)	(15,430,338)	(16,235,149)	88,253	(16,146,896)
Transactions with owners in their capacity as owners:							
Shares issued		647,395	-	-	647,395	-	647,395
Transfer from reserves to accumulated losses		-	(14,353,328)	14,353,328	-	-	-
Balance at 30 June 2024		130,725,041	(970,116)	(133,104,118)	(3,349,333)	42,556	(3,306,777)

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		-	(30,188)	-	(30,188)	(94,799)	(124,987)
Total comprehensive loss for the year		-	(30,188)	(11,826,463)	(11,856,651)	(156,035)	(12,012,686)
Transactions with owners in their capacity as owners:							
Shares issued		7,854,611	-	-	7,854,611	-	7,854,611
Share based payments		-	1,040,111	-	1,040,111	-	1,040,111
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

Netlinkz Limited
Consolidated statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated	
		30 Jun 2024	30 Jun 2023
		\$	\$
Cash flows from operating activities			
Receipts from customers		21,276,898	22,650,703
Payments to suppliers and employees		(26,125,680)	(37,710,058)
Tax refund received		371,612	249,808
Interest received		-	6,523
Interest and finance charges paid		(1,828,018)	(601,305)
Net cashflows used in operating activities		(6,305,188)	(15,404,329)
Cash flows from investing activities			
Purchase of plant and equipment		(51,121)	-
Net cashflows used in investing activities		(51,121)	-
Cash flows from financing activities			
Proceeds from issue of shares		-	7,000,000
Capital raising expenses		-	(500,000)
Proceeds from borrowings		8,615,000	8,250,000
Repayments of borrowings		(2,000,000)	(1,000,000)
Principle lease payments		(80,950)	(196,071)
Net cashflows from/(used in) financing activities		6,534,050	13,553,929
Net decrease in cash and cash equivalents		177,741	(2,050,400)
Effect of foreign exchange movements on cash		(6,427)	74,228
Cash and cash equivalents at the beginning of the year		712,852	2,689,024
Cash and cash equivalents at the end of the year		884,166	712,852

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

The financial report is based on accounts which are in the process of being audited and has been prepared in accordance with ASX listing rule 4.3A. As such, this preliminary report does not include all the notes that are included in an annual financial report and should be read in conjunction with the most recent annual financial report. The accounting policies and methods of computation adopted in the preparation of the preliminary financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2023.

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 2024, 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 2023 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 \$16,584,426 (2023: Loss of \$11,887,699) and had net cash outflows from operating activities of \$6,305,188 (2023: \$15,404,329) and has a net working capital deficit of \$767,245 as at 30 June 2024 (2023: Surplus \$3,736,249).

The Directors believe that it is reasonably foreseeable 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 factors:

- The Group had cash at bank of \$884,166;
- The Company has the current support of its lenders and is negotiating to extend repayment dates beyond September 2025 and or convert portion of the debt to equity;
- The Company is working on having the suspension of the Company's shares lifted, which includes the preparation of a prospectus to allow it to raise new capital;
- The Company has undergone a significant reduction in its cost base, and has a strategic plan and cash flow forecast to enable it to be cash flow positive in FY 2026; and
- The Company has the ability to dispose of non-core assets to raise additional funds if required.

NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

These factors give rise to a material uncertainty which may cast significant doubt as to whether the Company and Group will continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

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.

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 2024. 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.

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.

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.

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

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.

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.

NOTE 3. OPERATING SEGMENTS (CONTINUED)

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.

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 2024	Australia & New Zealand	China	Corporate	Netlinkz Group
	\$	\$	\$	\$
Revenue	10,898,883	10,654,331	-	21,553,214
Cost of sales	(8,963,688)	(2,809,641)	-	(17,663,126)
Gross profit	1,935,195	1,954,893	-	3,890,088
Other income	43,258	33,021	-	76,279
Business development and marketing expenses	(288,342)	-	-	(288,342)
Employee and consultant expenses	(6,722,155)	(1,547,253)	-	(8,269,408)
Admin, office and corporate expenses	(3,025,109)	(140,724)	-	(3,165,833)
Research and development expenses	(1,065,704)	(615,722)	-	(1,681,426)
Employee share-based payment expenses	-	-	(154,261)	(154,261)
Other share-based payment expenses	(841,000)	-	-	(841,000)
Other expenses	(1,127,131)	(107,688)	-	(1,234,819)
Total earnings before interest, tax, depreciation and amortisation	(11,090,988)	(423,473)	(154,261)	(11,668,722)
Depreciation and amortisation	(862,533)	(28,796)	-	(891,329)
Finance costs	(3,023,192)	(1,183)	-	(3,024,375)
Loss before income tax from continuing operations	(14,976,713)	(453,452)	(154,261)	(15,584,426)

NOTE 3. OPERATING SEGMENTS (CONTINUED)

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)

as at 30 June 2024	Australia & New Zealand	China	Corporate	Netlinkz Group
Summarised balance sheet	\$	\$	\$	\$
Current assets	2,801,323	1,609,966	196,193	4,607,482
Current liabilities	(1,218,036)	(3,229,333)	(927,358)	(5,374,727)
Current net assets	1,583,287	(1,619,367)	(731,165)	(767,245)
Non-current assets	292,265	3,018,890	7,522,719	10,833,874
Non-current liabilities	(763,406)	-	(12,610,000)	(13,373,406)
Non-current net assets	(471,141)	3,018,890	(5,087,281)	(2,539,532)
Net assets	1,112,146	1,399,523	(5,818,446)	(3,306,777)

NOTE 3. OPERATING SEGMENTS (CONTINUED)

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 4. REVENUE AND OTHER INCOME

Disaggregation of revenue

	Consolidated for the year ended	
	30 Jun 2024	30 Jun 2023
	\$	\$
Consulting, design and implementation revenue	16,521,660	15,951,850
Software, service and licensing revenue	5,031,553	4,719,148
Total revenue	21,563,213	20,670,998

Other income

	Consolidated for the year ended	
	30 Jun 2024	30 Jun 2023
	\$	\$
Interest income	790	6,523
Grants and research and development tax offset	2,282	347,264
Other income	73,457	55,063
Total other income	76,529	408,850

NOTE 4. REVENUE AND OTHER INCOME (CONTINUED)

Revenue	Consulting, design & implementation revenue	Software and licensing revenue	Hardware sales	Total
	30 Jun 2024 \$	30 Jun 2024 \$	30 Jun 2024 \$	30 Jun 2024 \$
Primary geographical markets				
Australia	469,936	2,936,558	5,839,843	9,246,337
New Zealand	-	1,652,545	-	1,652,545
China	10,654,331	-	-	10,654,331
	<u>11,124,267</u>	<u>4,589,103</u>	<u>5,839,843</u>	<u>21,553,213</u>
Timing of revenue recognition				
Products transferred at point in time	469,936	-	5,839,843	6,309,779
Products and services transferred over time	10,654,331	4,589,103	-	15,243,434
	<u>11,124,267</u>	<u>4,589,103</u>	<u>5,839,843</u>	<u>21,553,213</u>

Revenue	Consulting, design & implementation revenue	Software and licensing revenue	Total
	30 Jun 2023 \$	30 Jun 2023 \$	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
	<u>15,951,849</u>	<u>4,719,149</u>	<u>20,670,998</u>
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
	<u>15,951,849</u>	<u>4,719,149</u>	<u>20,670,998</u>

NOTE 5. TRADE AND OTHER RECEIVABLES AND INVENTORY

	Consolidated as at	
	30 Jun 2024	30 Jun 2023
	\$	\$
Trade receivables	2,519,810	2,386,844
GST/VAT receivable	279,406	57,939
Security deposits	116,494	3,577
Prepayments	345,322	1,125,543
Trade and other receivables	<u>3,261,032</u>	<u>3,573,903</u>

NOTE 6. INVENTORY

	Consolidated as at	
	30 Jun 2024	30 Jun 2023
	\$	\$
Inventory	<u>15,443</u>	<u>6,604,126</u>

Inventory predominantly relates to Starlink satellite equipment which is recorded at cost.

NOTE 7. INTANGIBLE ASSETS

	Goodwill	Customer	Internally	Total
		contracts and relationships	generated software	
	\$	\$	\$	\$
For the year ended 30 June 2024				
Opening net book amount	9,531,080	1,130,690	749,053	11,410,823
Additions	-	9,247	-	9,247
Disposals	-	-	(30,594)	(30,594)
Amortisation charge	-	(331,545)	(420,256)	(751,800)
Closing net book amount	<u>9,531,080</u>	<u>808,442</u>	<u>298,204</u>	<u>10,637,726</u>
As at 30 June 2024				
Cost	9,531,080	2,205,297	2,399,083	14,135,460
Accumulated amortisation and impairment	-	(1,396,855)	(2,100,879)	(3,497,734)
Net book amount	<u>9,531,080</u>	<u>808,442</u>	<u>298,204</u>	<u>10,637,726</u>

	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 8. TRADE AND OTHER PAYABLES

	Consolidated as at	
	30 Jun 2024	30 Jun 2023
	\$	\$
Trade payables, other payables, and accruals	1,280,294	2,132,178
Other payables and accruals	3,423,225	917,868
	4,703,519	3,050,046

NOTE 9. EMPLOYEE BENEFITS

	Consolidated as at	
	30 Jun 2024	30 Jun 2023
	\$	\$
Employee benefits	86,757	146,707

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 10. Borrowings

	Consolidated as at	
	30 Jun 2024	30 Jun 2023
Current	\$	\$
Borrowings - unsecured	310,000	2,000,000
Borrowings – secured	-	2,000,000
	<u>310,000</u>	<u>4,000,000</u>
Non-current ¹		
Borrowings – unsecured – related party	5,250,000	3,250,000
Borrowings – unsecured	4,055,000	-
Borrowings – secured	2,000,000	-
	<u>11,305,000</u>	<u>3,250,000</u>
Convertible note ²		
Host liability	1,837,769	-
Derivative liability	207,100	-
	<u>2,044,869</u>	
	<u>13,349,869</u>	<u>-</u>

¹Non-current

The Company had a \$10 million facility with Booker Super Services Pty Ltd, an entity related to a Director of the Company. At 30 June 2024 the Company had drawn \$3,250,000. The facility was provided at an initial interest rate of 6.8% which has been adjusted by the value of the increases to the cash rate by the Reserve Bank of Australia. The facility is unsecured and had a maturity date of 30 June 2025 which has been extended to 30 September 2026. It was mutually agreed with the lender that no further funds would be drawn under the facility. The lender has then provided the Company with a further loan of \$2,000,000 through a Company controlled by the Director. This loan has an interest rate of 18% and was repayable on 31 December 2024, and has now been extended to 30 September 2026.

Lender	Secured/unsecured	Principal	Maturity date	Interest rate
Syndicate	Secured	2,055,000	Under negotiation	
Akuna Finance	Unsecured	500,000	Under negotiation	
Juel Finance Pty Ltd	Secured	2,500,000	March 2025	20%
Others	Unsecured	1,000,000	Under negotiation	

²Convertible note

During the year, the Company entered into a Convertible Note for up to \$10 million. The first tranche of the note, for \$2.25 million, was drawn on 12 October 2023. The Convertible note was transferred to AFSG Capital Pty Limited on 28 March 2024. The facility has a maturity date which has now been extended to 25 September 2026, with an agreement that there will be no conversion prior to 31 March 2025. Interest of \$295,956 was recorded during the period using the effective interest rate method. The derivative liability represents the value of the conversion option included in the agreement. It is revalued each reporting period. 57,000,000 commitment shares were also issued as part of the arrangement at the issue price of \$0.008, with a total value of \$456,000 – see note 11.

NOTE 11. EQUITY – ISSUED CAPITAL

	Consolidated		Consolidated	
	30 Jun 2024	30 Jun 2024	30 Jun 2023	30 Jun 2023
	Shares	\$	Shares	\$
Ordinary shares - fully paid	4,139,886,194	130,725,041	3,791,966,295	130,077,646
Total issued capital	4,139,886,194	130,725,041	3,791,966,295	130,077,646

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		457,516,340	7,000,000
Issue of shares – services performed		54,555,554	709,218
Issue of shares – performance rights		10,000,000	194,300
Issue of shares – director’s fees		3,984,695	145,393
		<u>3,791,966,295</u>	<u>130,577,646</u>
Less: Capital raising costs arising on share issues			(500,000)
Closing balance 30 June 2023		<u>3,791,966,295</u>	<u>130,077,646</u>
Opening balance 1 July 2023		3,791,966,295	130,077,646
Issue of shares - convertible note fee	a)	57,000,000	456,000
Issue of shares - borrowing fee	b)	1,124,928	12,917
Issue of shares - borrowing fee	c)	176,375,000	1,396,000
Issue of shares - CEO incentive	d)	25,000,000	175,000
Issue of shares - services performed	e)	29,285,714	212,478
Issue of shares - directors fees	f)	19,500,000	195,000
Amendment to prior share issue	g)	-	(1,800,000)
Issue of shares - commitment fee for facility amended	h)	14,285,714	100,000
Issue of shares	i)	25,348,543	139,417
Less: Capital raising costs arising on share issues		-	(239,417)
		<u>4,139,886,194</u>	<u>130,725,041</u>

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.

- On October 6, 2023, 57,000,000 shares were issued at \$0.008 per share to Obsidian Global LLC as a commitment fee for the Convertible Note, as announced to the ASX.
- On September 22, 2023, 1,124,928 shares at \$0.0115 per share were issued to loan note holders as part of a debt and share offer disclosed to the ASX.

NOTE 11. EQUITY – ISSUED CAPITAL (CONTINUED)

- c) 176,375,000 shares were issued AT \$0.008 per share to a broker as fees for securing debt facilities.
- d) On 30 November 2023, at the Company Annual General Meeting, 25,000,000 shares were approved to be issued to the Managing Director, James Tsiolis, in relation to services performed. The shares were issued at a deemed price of \$0.007 per share.
- e) 29,285,714 shares at \$0.007 per share to employees/contractors, for services performed.
- f) 30 November 2023, at the Company Annual General Meeting, it was resolved to issue 19,500,000 shares to Directors as part of their remuneration for prior services performed, in lieu of making cash payments. The shares were issued at a deemed price of \$0.01 per share.
- g) 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 \$20.5 million Equity Placement Facility. The final number of shares to be issued, and the related issue price for these shares are pending finalisation. The Company has accrued an amount of approximately \$1.8 million pending the issue of further shares to Regal under the Equity Placement Facility.
- h) On 15 January 2024 the company issued 14,285,714 shares at \$0.007 per share to Obsidian Global LLC as an additional commitment fee for amending the convertible note terms.
- i) On 29 January 2024 the Company issued 25,348,543 shares at \$0.0055 per share to Obsidian Global LLC on conversion of 80,000 convertible notes for a face value of \$139,417.

NOTE 12. EQUITY – RESERVES

	Consolidated as at	
	30 Jun 2024	30 Jun 2023
Share based payment and option reserve	\$	\$
Opening balance	14,353,328	13,412,719
Transfers to accumulated losses	(14,353,328)	-
Other movements	-	940,609
	-	14,353,328
Foreign currency translation reserve		
Opening balance	(165,305)	(40,319)
Movements	(804,811)	(124,986)
Closing balance	(970,116)	(165,305)

Share based payments and options reserve

This reserve is used to record the value of equity benefits provided for the issue of equity instruments. All performance rights and options were lapsed during the year and the reserve transferred to accumulated losses.

NOTE 13. EQUITY – ACCUMULATED LOSSES

	Consolidated as at	
	30 Jun 2024	30 Jun 2023
	\$	\$
Accumulated losses at the beginning of the year	(132,027,248)	(120,200,785)
Loss after income tax expense for the year	(15,430,338)	(11,826,463)
Transferred from share based payment reserve	14,363,328	
Accumulated losses at the end of the year	<u>(133,104,258)</u>	<u>(132,027,248)</u>

NOTE 14. LOSS PER SHARE

	Consolidated for the year ended	
	30 Jun 2024	30 Jun 2023
	\$	\$
Loss per share for loss from continuing operations		
Loss after income tax attributable to the owners of Netlinkz Limited	<u>(15,430,338)</u>	<u>(11,826,463)</u>

	Consolidated for the year ended	
	30 Jun 2023	30 Jun 2023
Weighted average number of ordinary shares used in calculating basic diluted loss per share	<u>3,985,558,336</u>	<u>3,510,411,634</u>

	\$	\$
Basic loss per share	(0.0039)	(0.0034)
Diluted loss per share	(0.0039)	(0.0034)

	Number	Number
Number of shares under options or rights	<u>Nil</u>	<u>243,166,667</u>

NOTE 15. CONSOLIDATED ENTITY DISCLOSURE STATEMENT

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

Name	Principal place of business/ Country of incorporation	Ownership interest		Income tax Jurisdiction
		30 Jun 2024	30 Jun 2023	
Netlinkz Global Services (Aust & NZ) Pty Limited	Australia	100%	100%	Australia
Netlinkz Technology Pty Ltd	Australia	100%	100%	Australia
ISC (Australia) Pty Ltd	Ireland	100%	100%	Australia
SSI Pacific Pty Ltd	Australia	100%	100%	Australia
AoFa Software Engineering (Shanghai) Co. Ltd	China	100%	100%	China
Beijing iLinkAll Science and Technology Co	China	80%*	80%	China
Netlinkz Technology Hong Kong Limited	Hong Kong	100%	100%	Hong Kong
Netlinkz Japan K.K.	Japan	100%	100%	Japan
Netlinkz (Private) Limited	Pakistan	100%	0%	Pakistan
Southcloud Holdings Pty Ltd	Australia	100%	100%	Australia
Southcloud Pty Ltd	Australia	100%	100%	Australia
Netlinkz International Technology Limited	Ireland	100%	100%	Ireland

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