

Fast,
Secure,
Simple

Netlinkz Limited
Results for announcement to the market
For the year ended 30 June 2025

Netlinkz Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

Appendix 4E (Rule 4.3A)

Preliminary final report for the year ended 30 June 2025

Company details

Name of entity: Netlinkz Limited
ABN: 55 141 509 426
Reporting year: For the year ended 30 June 2025
Previous year: For the year ended 30 June 2024

Results for announcement to the market

(All comparisons to year ended 30 June 2024)

	30 Jun 2025	30 Jun 2024	Change
	\$	\$	%
Revenue from ordinary activities	6,268,785	19,528,687	(68%)
Income	8,487,799	19,605,216	(57%)
Net comprehensive loss attributable to members	(6,854,282)	(20,594,060)	(67%)
Loss after tax from ordinary activities	(6,854,282)	(20,594,060)	(67%)
Loss after tax from discontinued activities	(5,246,724)	-	
Net comprehensive loss after tax from ordinary activities	(12,101,006)	(21,198,224)	(43%)

Loss per share

	30 Jun 2025	30 Jun 2024	Change
	\$	\$	%
Basic loss per share	(\$0.0029)	(\$0.0034)	(15)
Diluted loss per share	(\$0.0029)	(\$0.0034)	(15)

Net tangible assets per security

	30 Jun 2025	30 Jun 2024
	\$	\$
Net tangible assets per security	(0.0003)	(0.001)

Control gained or lost over entities in the year

The Company disposed of its China business during the year. See further commentary on operations.

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

49% interest in PT&T Corp. a telecommunications provider in the Philippines.

Foreign entity accounting standards

The Company is not a foreign entity. 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 2025 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 2025 (FY25), together with the following commentary.

The company completed its restructure during 2024/2025 financial year. The outcomes of the organisational restructure and refocus were as follows:

- **Strategic Market Realignment:** Exiting non-core or challenging markets (China and Japan,) to focus on growth markets such as the Philippines with its newly established Securelink Networks Ltd joint venture with Philippine Telegraph and Telephone Corporation ("**PT&T**"), one of the Philippines oldest and most successful telecommunication companies. This has now positioned Netlinkz for expansion further into the ASEAN region. Securelink Networks will licence the Virtual Secure Network (**VSN**) product to the China customers.
- **Organisational Restructure:** Transitioning from a broad operating structure to a leaner business model focused on Cyber security software and platform management sales via Securelink Networks, product development, and ASEAN market growth, resulting in a significant reduction in head office operating costs and monthly cash burn.
- **Financial Restructure:** Successfully renegotiating debt arrangements including extension of maturity dates with Convertible Note holders and lenders to improve the balance sheet position and reduce future cash outflows. All current lenders are supportive of the company's business strategy and its plan to gain quotation of its shares on the ASX. A number of the lenders have forgiven interest for the current financial year as well as indicating a willingness to convert debt to equity.
- **Finalisation of product development** resulting in significant reduction in R&D expenditure.

The Company's operations are now focussed on scaling revenue from:

- Cybersecurity and network opportunities (VSN+)
- Data Management and Lawful Interception (SSI)

A joint venture company called Securelink Networks was created by Netlinkz and PT&T to sell cybersecurity products, data management, lawful interception and network solutions with key partners in the region. These partners include Lenovo, IBM, iOne and other network providers. Securelink Networks has operating revenue

comprising of customer contracts being transferred to from PT&T to Securelink to form the foundation of the first cybersecurity and network customer base.

Securelink Networks was officially launched in Manila on 25th March 2025. The official launch event was attended by distinguished guests from government agencies, enterprise partners, and the media. Key attendees included Hon. Secretary Ernesto V. Perez, Director General of the Anti-Red Tape Authority; Assistant Secretary Philip Varilla of the Department of Information and Communications Technology; NTC Commissioner Ella Lopez; Deputy Commissioner Atty. Andres Castellar; Ms. Berniece Vanguardia of the Australian Trade and Investment Commission (Austrade); and Dr. Moya Collett, Deputy Ambassador of the Australian Embassy.

The Company's operations are focused on scaling and delivering its VSN Plus, data management and lawful interception product offering via Securelink to the Philippine Enterprise and Government market. This well-established customer base covers Enterprise, Government, NGO's and residential users, ensuring a low cost of customer acquisition and a wide distribution of Cybersecurity and network opportunities (VSN+) and, Data Management and Lawful Interception (SSI).

To further enhance its product and revenue opportunities Netlinkz signed a partnership agreement with Kognitive Networks that will provide a portal based network management platform for Securelink customers to optimise, and elevate the network management experience through a single pane of glass with organisation hierarchy, access controls, alerts from security threats and usages thresholds all secured by the VSN.

The company has exclusive rights to the Kognitive product in the Philippines and considers the portal-based sales offering as critical to scaling the VSN adoption by large Enterprise and Government customers in the region. Kognitive also negates the need for software development resources to be expended by Netlinkz or Securelink on maintaining an inhouse customer portal, as was the case with the previous Starlink portal.

SSI has signed a five year contract with a major customer, generating circa \$9.5m over the life of the contract. This significant contract, along with others that are also being extended, solidifies the value of the SSI business to Netlinkz and provides a robust platform for expanding sales and revenue into the ASEAN Region via the Securelink joint venture.

The China company structure and ownership of the operating entities has been transferred to the local China Management team effective prior to June 30th year-end balance date. **The costs of operating the China businesses have been removed from Netlinkz's balance sheet and replaced with a license based relationship for all China market sales of VSN.** This mitigates the risk to Netlinkz of any further escalation of Geo-Political tensions in China – US relations. More importantly Netlinkz will no longer be required to invest further capital in China.

The China businesses, iLinkall and AOFA, will continue to promote and sell the VSN products as a reseller of Securelink Networks.

VSN

The company has finalised several of its VSN Plus proof of concept (POC) tests with Securelink Enterprise clients. This has resulted in the first major VSN license sale to a Philippine Corporate customer of USD\$1m over three years. The customer has a significant retail footprint throughout the Philippines and will deploy the VSN across multiple networks and remote locations, including logistic support hubs. The importance of this initial sale is that it will provide a Philippine centric use case model for the sales team to generate further sales across the Enterprise and Government customer bases.

Borrowings

The Company is currently focused on restructuring its debt into a single facility to reduce interest costs and lengthen the debt maturity profile of the company. The current lenders to the company have provided additional extensions of 18 months on average to assist with the debt restructure. GBA were formally appointed to assist the company with the debt restructure and the appointment of a new lender.

A number of lenders have indicated to the company that they will either convert all or part of their loans and/or accrued interest to equity once the company receives ASX permission to be quoted and trade on the exchange. Several lenders have also waived interest for the current financial year.

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Netlinkz Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	Consolidated for the year ended	
		30 Jun 2025	30 Jun 2024
Continuing operations		\$	\$
Revenue	4	6,268,785	19,528,687
Other income	4	2,219,014	76,529
Employee benefits expense		(1,009,538)	(5,320,537)
Research and development expenses		(989,531)	(1,681,427)
Business development and marketing expenses		(266,325)	(292,342)
Professional fees		(2,984,362)	(4,885,193)
Hardware and consumables used		(1,841,374)	(17,427,473)
Other expenses		(1,447,376)	(2,839,536)
Depreciation and amortisation expense		(606,197)	(891,329)
Provision for legal settlement		(771,881)	-
Finance expenses		(5,425,497)	(6,861,439)
Loss before income tax expense		(6,854,282)	(20,594,060)
Income tax expense		-	-
Loss from continuing operations		(6,854,282)	(20,594,060)
Loss from discontinued operations		(5,246,724)	-
		(12,101,006)	(20,594,060)
Other comprehensive income			
<i>Items that will be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		-	(515,911)
Other comprehensive loss for the year, net of tax		-	(515,911)
Total comprehensive loss for the year		(12,101,006)	(21,109,971)
<i>Loss for the year is attributable to:</i>			
Members of the parent entity		(12,101,006)	(20,439,972)
Non-controlling interests		-	(154,088)
		(12,101,006)	(20,594,060)
<i>Total comprehensive loss for the year attributable to:</i>			
Members of the parent entity		(12,101,006)	(21,198,224)
Non-controlling interests		-	88,253
		(12,101,006)	(21,109,971)
Loss per share from continuing operations		\$	\$
Basic loss per share	18	(0.0029)	(0.0052)
Diluted loss share	18	(0.0029)	(0.0052)

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 2025

		Consolidated as at	
	Note	30 Jun 2025	30 Jun 2024
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	5	188,296	884,166
Trade and other receivables	6	614,853	1,477,847
Inventory	7	-	522,817
Other assets		-	402,108
Total current assets		803,149	3,286,938
Non-current assets			
Property, plant and equipment		51,679	13,434
Investments		278,637	100,000
Right of use assets		18,620	82,714
Intangible assets	8	6,975,383	10,637,726
Total non-current assets		7,324,318	10,833,874
Total assets		8,127,467	14,120,812
LIABILITIES			
Current liabilities			
Trade and other payables	9	5,069,039	4,619,776
Employee benefits	10	50,606	86,757
Borrowings	11	6,210,000	15,441,908
Other current liabilities	12	3,238,651	2,730,250
Total current liabilities		14,568,296	22,878,691
Non-current liabilities			
Borrowings	11	13,560,592	-
Lease liabilities		-	23,537
Total non-current liabilities		13,560,592	23,537
Total liabilities		28,128,888	22,902,228
Net assets		(20,001,421)	(8,781,416)
Equity			
Issued capital	13	130,725,041	130,725,041
Reserves	14	-	(923,557)
Accumulated losses	15	(150,726,462)	(138,625,456)
Capital and reserves attributable to members of the parent entity		(20,001,421)	(8,823,972)
Non-controlling interests		-	42,556
Total equity		(20,001,421)	(8,781,416)

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 2025

Attributable to owners of Netlinkz Limited

Notes	Issued capital	Reserves	Accumulated losses	Total equity	Non-controlling interest	Total equity
	\$	\$	\$	\$	\$	\$
Consolidated						
Balance at 1 July 2024	130,725,041	(923,557)	(138,625,456)	(8,823,972)	42,556	(8,781,416)
Loss for the year	-	-	(12,101,006)	(12,101,006)	-	(12,101,006)
Other comprehensive income						
Disposal of subsidiary companies	-	923,557	-	923,557	(42,556)	881,001
Total comprehensive loss for the year	-	923,557	(12,101,006)	(11,177,449)	(42,556)	(11,220,005)
Transactions with owners in their capacity as owners:						
Shares issued	-	-	-	-	-	-
Transfer from reserves to accumulated losses	-	-	-	-	-	-
Balance at 30 June 2025	130,725,041	-	(150,726,462)	(11,177,449)	(42,556)	(20,001,421)

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	(132,538,812)	11,726,857	(45,697)	11,681,160
Loss for the year	-	-	(20,439,972)	(20,439,972)	(154,088)	(20,594,060)
Other comprehensive income	-	(758,252)	-	(758,252)	242,341	(515,911)
Total comprehensive loss for the year	-	(515,911)	(20,594,060)	(21,198,224)	88,253	(21,109,971)
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	(923,557)	(138,625,456)	(8,823,972)	42,556	(8,781,416)

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

	Note	Consolidated	
		30 Jun 2025	30 Jun 2024
		\$	\$
Cash flows from operating activities			
Receipts from customers		4,012,688	21,276,898
Payments to suppliers and employees		(6,990,232)	(26,125,680)
Tax refund received		2,173,087	371,612
Interest received		45,927	-
Interest and finance charges paid		(927,385)	(1,828,018)
Net cashflows used in operating activities	17	(1,685,915)	(6,305,188)
Cash flows from investing activities			
Purchase of plant and equipment		-	(51,121)
		(134,954)	-
Net cashflows used in investing activities		(134,954)	(51,121)
Cash flows from financing activities			
Proceeds from borrowings		1,300,000	8,615,000
Repayments of borrowings		(175,000)	(2,000,000)
Principle lease payments		-	(80,950)
Net cashflows from/(used in) financing activities			6,534,050
Net decrease in cash and cash equivalents		(695,869)	177,741
Effect of foreign exchange movements on cash		-	(6,427)
Cash and cash equivalents at the beginning of the year		884,166	712,852
Cash and cash equivalents at the end of the year		188,297	884,166

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

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.

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 2024, the Group recorded a loss of \$12,101,006 (2023: Loss of \$20,594,060) and had net cash outflows from operating activities of \$1,685,915 (2024: \$6,305,188) and has a net working capital deficit of \$13,765,147 as at 30 June 2025 (2024: Deficit \$19,591,753).

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 \$188,296;
- The Company has the current support of its lenders and has negotiating to extend repayment dates beyond September 2026 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.

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 2025 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.

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

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.

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

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
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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.

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

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.

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

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.

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

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.

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

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.

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

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.

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.

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.

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

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.

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

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.

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.

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 now South-East Asia. China, an operation segment in the prior year has now been disposed of. 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.

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 2025	Australia & New Zealand	China	Corporate	Netlinkz Group
	\$	\$	\$	\$
Revenue	6,268,785	-		6,268,785
Cost of sales	(1,841,374)	-		(1,841,374)
Gross profit	4,427,411	-		4,427,411
Other income	-	-	2,219,014	2,219,014
Business development and marketing expenses	(261,021)	-	(5,304)	(266,325)
Employee benefits expense	(670,653)	-	(338,885)	(1,009,538)
Admin, office and corporate expenses	(570,875)	-	(1,701,213)	(1,447,376)
Research and development expenses	(936,701)		(52,830)	(989,531)
Provision for legal settlement	-	-	(771,881)	(771,881)
Professional fees	(1,988,791)	-	(995,571)	(2,984,362)
Total earnings before interest, tax, depreciation and amortisation		-		
Depreciation and amortisation	(71,689)	-	(534,508)	(606,197)
Finance costs	(39,037)	-	(5,386,460)	(5,425,497)
Loss before income tax from continuing operations	(111,466)	-	(7,567,638)	(6,854,282)

South-East Asia results are presented on a revenue receipts basis only for FY2025.

NOTE 3. OPERATING SEGMENTS (CONTINUED)

	Australia & New Zealand	China	Corporate	Netlinkz Group
For the year ended 30 June 2024				
	\$	\$	\$	\$
Revenue	8,874,356	10,654,331	-	19,528,687
Cost of sales	(8,728,035)	(8,699,438)	-	(17,427,473)
Gross profit	146,321	1,954,893	-	2,101,214
Other income	43,508	33,021	-	76,529
Business development and marketing expenses	(292,342)	-	-	(292,342)
Employee and consultant expenses	(8,504,216)	(1,547,253)	-	(10,051,469)
Admin, office and corporate expenses	(1,563,429)	(141,593)	-	(1,705,022)
Research and development expenses	(1,065,705)	(615,722)	-	(1,681,427)
Employee share-based payment expenses	-	-	(154,261)	(154,261)
Other expenses	(1,027,695)	(106,819)	-	(1,134,514)
Total earnings before interest, tax, depreciation and amortisation	(12,263,558)	(423,473)	(154,261)	(12,841,292)
Depreciation and amortisation	(862,533)	(28,796)	-	(891,329)
Finance costs	(6,860,256)	(1,183)	-	(6,861,439)
Loss before income tax from continuing operations	(19,986,347)	(453,452)	(154,261)	(20,594,060)
as at 30 June 2025				
Summarised balance sheet	\$	\$	\$	\$
Current assets	524,217	-	278,932	803,149
Current liabilities	(1,414,919)	-	(13,153,377)	(14,568,296)
Current net assets	(890,702)	-	(12,874,445)	(13,765,147)
Non-current assets	655,899	-	6,668,419	7,324,318
Non-current liabilities	-	-	(13,560,592)	(14,568,299)
Non-current net assets	655,899	-	(6,892,173)	(6,236,274)
Net assets		-	(19,766,618)	(21,001,421)

NOTE 3. OPERATING SEGMENTS (CONTINUED)

as at 30 June 2024	Australia & New Zealand	China	Corporate	Netlinkz Group
Summarised balance sheet	\$	\$	\$	\$
Current assets	1,480,779	1,609,966	196,193	3,286,938
Current liabilities	(3,007,450)	(3,229,333)	(16,641,908)	(22,878,691)
Current net assets	(1,526,671)	(1,619,367)	(16,445,715)	(19,591,753)
Non-current assets	292,265	3,018,890	7,522,719	10,833,874
Non-current liabilities	(23,537)	-	-	(23,537)
Non-current net assets	268,728	3,018,890	7,522,719	10,810,337
Net assets	(1,257,943)	1,399,523	(8,922,996)	(8,781,416)

NOTE 4. REVENUE AND OTHER INCOME

Disaggregation of revenue

	Consolidated for the year ended	
	30 Jun 2025	30 Jun 2024
	\$	\$
Consulting, design and implementation revenue	-	10,654,331
Hardware sales	1,920,504	4,436,031
Software, service and licensing revenue	4,348,281	4,438,325
Total revenue	6,268,785	19,528,687

NOTE 4. REVENUE AND OTHER INCOME (CONTINUED)

Other income

Consolidated for the year ended

	30 Jun 2025	30 Jun 2024
	\$	\$
Interest income	45,927	790
Grants and research and development tax offset	2,173,087	2,282
Other income	-	73,457
Total other income	2,219,014	76,529

Revenue	Consulting, design & implementation revenue 30 Jun 2025 \$	Software and licensing revenue 30 Jun 2025 \$	Hardware sales \$	Total 30 Jun 2025 \$
Primary geographical markets				
Australia	-	2,035,640	1,920,504	3,956,144
New Zealand	-	2,204,158	-	2,204,158
South-East Asia	-	108,483	-	108,483
	-	4,348,281	1,920,504	6,268,785
Timing of revenue recognition				
Products transferred at point in time	-	-	1,920,504	1,920,504
Products and services transferred over time	-	4,348,281	-	4,348,281
	-	4,348,281	1,920,504	6,268,785
Revenue	Consulting, design & implementation Revenue 30 Jun 2024 \$	Software and licensing revenue 30 Jun 2024 \$	Hardware sales \$	Total 30 Jun 2024 \$
Primary geographical markets				
Australia	-	2,709,955	4,436,031	7,145,986
New Zealand	-	1,728,370	-	1,728,370
China	10,654,331	-	-	10,654,331
	10,654,331	4,438,325	4,436,031	19,528,687
Timing of revenue recognition				
Products transferred at point in time	-	-	4,436,031	4,436,031
Products and services transferred over time	10,654,331	4,438,325	-	15,092,656
	10,654,331	4,438,325	4,436,031	19,528,687

NOTE 5. CASH AND CASH EQUIVALENTS

	Consolidated as at	
	30 Jun 2025	30 Jun 2024
	\$	\$
Cash at bank	188,296	884,166

NOTE 6. TRADE AND OTHER RECEIVABLES

	Consolidated as at	
	30 Jun 2025	30 Jun 2024
	\$	\$
Trade receivables	505,526	1,016,031
GST/VAT receivable	82,967	-
Security deposits	16,208	-
Prepayments	10,152	461,816
Trade and other receivables	614,853	1,477,847

NOTE 7. INVENTORY

	Consolidated as at	
	30 Jun 2025	30 Jun 2024
	\$	\$
Inventory	-	522,817
Inventory predominantly relates to Starlink satellite equipment which is recorded at cost.		

NOTE 8. INTANGIBLE ASSETS

	Goodwill	Customer contracts and relationships	Internally generated software	Total
	\$	\$	\$	\$
For the year ended 30 June 2025				
Opening net book amount	9,531,080	808,442	298,204	10,637,726
Additions	-	-	-	-
Disposals	(3,141,297)	-	-	(3,141,297)
Amortisation charge	-	(222,842)	(298,204)	(521,046)
Closing net book amount	6,389,783	585,600	-	6,975,383
As at 30 June 2025				
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	9,531,080	808,442	298,204	6,975,383
	Goodwill	Customer contracts and relationships	Internally generated software	Total
	\$	\$	\$	\$
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)	(420,205)	(751,750)
Closing net book amount	9,531,080	808,442	298,204	10,637,726
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	9,531,080	808,442	298,204	10,637,726

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 notwithstanding the significant loss for the year, that the CGU for which the Company carries goodwill, SSI continued to be profitable pre research and development. In additional substantial costs were incurred on enhancing the VSN product. Consequently, the directors are of the view that no impairment of intangible assets is required for the financial year ended 30 June 2025.

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

NOTE 8. INTANGIBLE ASSETS (CONTINUED)

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 SSI Pacific to the SSI Pacific CGU which is the operating segment expected to benefit from the acquisition.

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

	SSI
Goodwill allocation	6,389,783
Pre-tax discount rate	13%
Revenue growth rate	5%
Revenue multiple	2

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 SSI CGU 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 30% for SSI before goodwill would need to be impaired, with all other assumptions remaining constant.

The discount rate would be required to increase to 30% for SSI before goodwill would need to be impaired, with all other assumptions remaining constant.

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 9. TRADE AND OTHER PAYABLES

	Consolidated as at	
	30 Jun 2025	30 Jun 2024
	\$	\$
Trade payables and other payables	1,686,085	2,067,045
Accruals	562,598	1,917,149
Interest payable accrued	2,820,356	635,582
	<u>5,069,039</u>	<u>4,619,776</u>

Accruals include an accrual for \$1.8 million in relation to the Equity Placement Facility that was previously in place with Regal Funds Management (Regal). The Company is negotiating with Regal to return an amount of approximately \$1.8 million instead of issuing further shares to Regal under the Equity Placement Facility.

NOTE 10. EMPLOYEE BENEFITS

	Consolidated as at	
	30 Jun 2025	30 Jun 2024
	\$	\$
Employee benefits	50,606	86,757

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 11. BORROWINGS

	Consolidated as at	
	30 Jun 2025	30 Jun 2024
	\$	\$
Current		
Borrowings – related party	870,000	5,250,000
Borrowings - unsecured	2,985,000	1,000,000
Borrowings – secured	2,355,000	6,765,000
	<u>6,210,000</u>	<u>13,015,000</u>
Non-current		
Convertible note²		
Host liability	2,467,729	1,837,769
Derivative liability	207,100	207,100
Interest and fees accrued	613,222	382,039
	<u>3,288,051</u>	<u>2,426,908</u>

NOTE 11. BORROWINGS (CONTINUED)

	Consolidated as at	
	30 Jun 2025	30 Jun 2024
Other non-current borrowings		
Borrowings – unsecured – related party ¹	5,250,000	-
Borrowings - secured	3,375,149	
Interest and fees accrued	1,647,392	-
	10,272,541	-
Total non-current	13,560,592	2,426,908
	19,770,592	15,441,908

Current

¹Related party

The facility is provided by a Director 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 to 11.3% as at 30 June 2025. The facility is unsecured and had a maturity date of 30 June 2025 which has been extended to 30 September 2026. The Director has also provided the Company with a further loan of \$2,000,000. This loan has an interest rate of 18% and was repayable on 31 December 2024, and has now been extended to 30 September 2026.

The Company will need the consent of the lender to dispose of any part of its business.

Other

An analysis of outstanding debt is as follows:

Unsecured

Lender	Secured/ unsecured	Principal \$	Maturity date	Interest rate
Akuna Finance	Unsecured	1,000,000	15 August 2026	18%
Philbook Pty Ltd	Unsecured	870,000	To be converted into shares	18%
Syndicate	Unsecured	925,000	Current	48%
Regal Funds Management	Unsecured	1,800,000	Terms of settlement to be negotiated	-
Syndicate	Unsecured	260,000	Current	18%
Booker Super Fund	Unsecured	3,250,000	15 October 2026	11.3%
Philbook Pty Ltd	Unsecured	2,000,000	15 October 2026	18%

NOTE 11. BORROWINGS (CONTINUED)

Secured

Lender	Secured/ unsecured	Principal \$	Maturity date	Interest rate	Penalty interest & default fees to 30 June 2025 \$
Syndicate	Secured	2,055,000	2 January 2026	42%	
LA & MDP Pty Ltd	Secured	2,375,149	15 August 2026	20%	1,381,923
Batoka Pty Ltd	Secured	300,000	Current	10%	

²Convertible note

During the previous 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 15 August 2026, with an agreement that there will be no conversion prior to 31 March 2025. Interest of \$280,000 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.

The Company has agreed to issue AFSG Capital Pty Ltd with 150 million ordinary shares to compensate for the extension of the no conversion period.

During the current year the Company entered into a further convertible note at the year end with principal of \$300,000, which was drawn to \$250,000.

NOTE 12. OTHER LIABILITIES

(a) Other current liabilities

	Consolidated as at	
	30 Jun 2025	30 Jun 2024
	\$	\$
Other current liabilities		
Unearned income	452,289	1,059,361
Payroll tax and other statutory liabilities	187,049	367,212
AASB 16 lease liability	23,537	67,846
Fee payable on conversion of convertible note ¹	1,200,000	1,200,000
Provision for legal settlement	771,881	-
Other current liabilities	-	35,831
	3,328,656	2,730,250

¹The Company has an agreement with the party who have assumed the obligations under the convertible note, AFSG Capital Pty Ltd (AFSG) to pay a fee of \$1.2 million in cash or shares (at AFSG election) in the event of conversion of the convertible note to equity or repayment of the note.

(b) Other non-current liabilities

	Consolidated as at	
	30 Jun 2025	30 Jun 2024
	\$	\$
AASB 16 lease liability	-	53,692

NOTE 13. EQUITY – ISSUED CAPITAL

	Consolidated		Consolidated	
	30 Jun 2025	30 Jun 2025	30 Jun 2024	30 Jun 2024
	Shares	\$	Shares	\$
Ordinary shares - fully paid	4,139,886,194	130,725,041	4,139,886,194	130,725,041
Total issued capital	4,139,886,194	130,725,041	4,139,886,194	130,725,041

Movements in ordinary share capital – Year ended 30 June 2025

	Note	Number of shares	\$
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)
Balance 30 June 2024 and 30 June 2025		4,139,886,194	130,725,041

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 14. EQUITY – RESERVES

	Consolidated as at	
	30 Jun 2025	30 Jun 2024
	\$	\$
Share based payment and option reserve		
Opening balance	-	14,353,328
Transfers to accumulated losses	-	(14,353,328)
	-	-
Foreign currency translation reserve		
Opening balance	(923,557)	(165,305)
Movements	923,557	(758,252)
Closing balance	-	(923,557)

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 15. EQUITY – ACCUMULATED LOSSES

	Consolidated as at	
	30 Jun 2024	30 Jun 2024
	\$	\$
Accumulated losses at the beginning of the year	(138,625,456)	(132,538,812)
Loss after income tax expense for the year	(12,101,006)	(20,439,972)
Transferred from share based payment reserve	-	14,353,328
Accumulated losses at the end of the year	(150,726,462)	(138,625,456)

Note 16. 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 2025	30 Jun 2024
	\$	\$
Current assets	-	216,297
Current liabilities	-	(30,377)
Current net assets	-	185,920
Non-current assets	-	26,858
Non-current liabilities	-	-
Non-current net assets	-	26,858
Net assets	-	159,062
Accumulated non-controlling interests	-	42,556

Summarised statement of comprehensive income

	2025	2024
	\$	\$
Revenue	-	335,803
Profit/(loss) for the year	-	(41,058)
Other comprehensive income	-	-
Total comprehensive income	-	(41,058)
Loss allocated to non-controlling interests	-	(8,212)

Summarised cash flows

	2025	2024
	\$	\$
Cash flows from operating activities	-	57,103
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Effect of movement in exchange rates on cash held	-	-
Net (decrease)/increase in cash and cash equivalents	-	57,103

The Company acquired the remaining 20% interest in this entity in September 2024.

NOTE 17. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated for the year ended	
	30 Jun 2025	30 Jun 2024
	\$	\$
Loss after income tax benefit for the year	(12,101,006)	(20,594,060)
Adjustment for non-cash transactions:		
Depreciation and amortisation	606,197	891,329
Write off on disposal of subsidiaries	5,246,724	-
Interest and penalties not paid	4,498,112	-
Operating expenses paid in shares and options	-	445,000
Share based payments	-	1,376,189
Others	(116,985)	(23,134)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(209,911)	1,636,929
Decrease in inventory	522,817	6,353,308
Increase in trade and other payables	490,292	3,372,564
(Decrease)/increase in unearned income	(607,072)	296,637
Decrease in employee benefits	(15,082)	(59,950)
Net cash flows used in operating activities	(1,685,915)	(6,305,188)

NOTE 18. LOSS PER SHARE

	Consolidated for the year ended	
	30 Jun 2025	30 Jun 2024
	\$	\$
Loss per share for loss from continuing operations		
Loss after income tax attributable to the owners of Netlinkz Limited	(12,101,006)	(20,594,060)
Weighted average number of ordinary shares used in calculating basic diluted loss per share	4,139,886,194	3,985,558,336
Basic loss per share	(\$0.0029)	(0.0052)
Diluted loss per share	(\$0.0029)	(0.0052)
Number of shares under options or rights	Number Nil	Number Nil

NOTE 19. 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:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		30 Jun 2025	30 Jun 2024
		%	%
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	0%	100%
Beijing iLinkAll Science and Technology Co	China	0%	80%
Netlinkz Technology Hong Kong Limited	Hong Kong	0%	100%
Netlinkz Japan K.K.	Japan	0%	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%

NOTE 20. 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 2025	30 Jun 2024
	\$	\$
Auditors of the Group – BDO Audit Pty Ltd		
Audit and review of financial statements		
Group	-	135,000
Controlled entities and joint operations	-	14,384
Total audit and review of financial statements	-	149,384
Auditors of the Group – Hall Chadwick Pty Ltd		
Audit and review of financial statements		
Group	75,000	50,000
Controlled entities and joint operations	-	-
Total audit and review of financial statements	75,000	50,000
Other services	-	-
Total services provided by Auditors	75,000	199,384

NOTE 21. COMMITMENTS

There were no commitments as at 30 June 2025 (30 June 2024: Nil).

NOTE 22. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2025 (30 June 2024: Nil).

NOTE 23. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since 30 June 2025 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.

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