Netlinkz

We connect.

Secure. Fast. Simple.

NETLINKZ LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

ACN 141 509 426

CORPORATE DIRECTORY

Directors	James Tsiolis Stephen Gibbs Mr Zhang Geoff Raby AO James Stickland Grant Booker	CEO, Executive Director Non-Executive Chairman Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Company secretary	Guy Robertson	
Registered office	Suite 401 56 Bowman Street Pyrmont NSW 2009	
Principal place of business	Suite 401 56 Bowman Street Pyrmont NSW 2009	
Share register	Computershare Investor Services Pty Ltd 172 St Georges Terrace Perth WA 6000 Australia	
Auditor	BDO Audit Pty Ltd 1 Margaret Street Sydney NSW 2000 Australia	
Stock exchange listing	Netlinkz Limited shares are listed on the Australian Securities Exchange ASX code: NET	
Website	www.netlinkz.com	

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2022. The Directors have the power to amend and reissue the financial statements.

Dear shareholders,

It is my pleasure to present to you our Annual Report for the year ended 30 June 2022.

Netlinkz is well positioned to leverage the strong secular growth in stand-alone 5G Enterprise networks that support an increasingly mobile workplace tethered to Cloud Services utilizing among other things SD-WAN, SASE and Zero Trust. Netlinkz' array of network services and software allow it to be in the middle of the critical path of offerings that enhance enterprise network performance whilst providing the ultimate in security.

Cybercrime has an estimated cost to the Australian economy of $42Bn[1] and in the global market where the Company operates, significantly more. Netlinkz is at the forefront of networking technology providing products which are easy to implement, fast and secure.

Your Company has continued to make solid progress in the year under review. Revenue grew by ~23% YOY when excluding hardware sales. While this was positive it was below expectations with rolling COVID lockdowns in Beijing and Shanghai having an adverse impact, together with delays in bringing on resources in competitive markets in Australia and overseas.

VSN now presents a world class fast and secure virtual network solution. Infrastructure enhancements forming VSN as a Network as a Service (Naas) were completed during the year with OV Cloud roll-out complete in Sydney, Singapore, Hong Kong and Europe. This is additional to the existing cloud-based network in China and the USA which were established in 2020.

The VSN is a software-based technology that creates private invisible networks over the internet, focused on performance and security. VSN enables enterprise to transition to cloud and have a network of users and/or devices that are mobile. In other words, there is no fixed location. Allowing a workforce to operate off a single encrypted network from multiple locations.

Key features include:

- Interoperability
- Cloud based
- Subscription based
- Encrypted
- Mobile application based software
- 3G/4G/5G

The completion of VSN 2.4 enabled the launch of a number of new product bundles including those focussed on secure, encrypted, high performance connections, worldwide and securing connections from cameras to video recorders.

These product bundles are:

- **Express**. A low-cost VSN client deployed on workstations and mobile devices that directly inter-connects users' devices using the Netlinkz performant, encrypted global NaaS.
- **ExpressPlus**. VSN realises virtual private cloud inter-connectivity and user-to-cloud communications at a cheaper price but with the same level of security and network performance as any public cloud provider's network offering.
- **ExpressPass**. Using VSN, the user establishes a secure, encrypted, and highly performant connection to offshore networks for inter-office communications and to reach publicly hosted (Internet) services.
- **CCTV Protect**. VSN secures connections from cameras to centralized network video recorders using the highest level of commercially available encryption.

The Group continues to expand its channels to market with an agreement executed with Empact Consulting in Bahrain, a JV with Al Rabban Qatar close to finalisation (delayed by COVID), the

[1] University of NSW, Canberra, Cyber Security Unit – November 2021

establishment of a company and office in Pakistan, and the acquisition of Southcloud, a regional telecommunications provider in Australia.

In addition, the Company is currently expanding its China business to enable the ongoing delivery of VSN through iLinkAll, its IT engineering business and a separate entity focussing on expanding its reseller network to include partners focussed on tier one and two telecommunications providers in mainland China and Hong Kong.

The Company has invested further during the year in product development, building a senior team to drive the business forward, and expanding its reach of channel partners to meet the growing demand from customers for its product. The company has attracted experienced industry talent to form a core management team. Anthea Ye as the Chief Operating Officer (ex CEO China Telecom Australia), Richard Valente as Chief Revenue Officer, Gavin Shipman as Head of Sales and Alessandro Zucchini as Pre-Sales Manager.

Our key focus and mission are to generate sales, particularly in new markets to balance the current geopolitical risks in the global economy. The skills and experience of the management team in conjunction with a world class product bundle should yield continued growth for the Company in the investment in has made in establishing key partnerships around the world. Whilst COVID was challenging for organisations globally Netlinkz has build a good foundation during this time which the management team will leverage.

To enable the Group to capitalise on the opportunities ahead, the Company put in place a Debt Facility of $10 million in May 2022 and an Equity Placement Facility of $20.5 million in August 2022, both undrawn at year end. These facilities will provide Netlinkz with funding flexibility in additional to our capacity to raise capital through share placement, rights issue or share purchase plan.

I take this opportunity to thank our growing team for their ongoing commitment and our shareholders for their ongoing support. We are well positioned for a successful year ahead.

Stephen Gibbs
Non-Executive Chairman

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

ASX Corporate Governance Principles and Recommendations

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

The Company has issued a Corporate Governance Statement which discloses the Company's corporate governance practices and the extent to which the Company has followed the recommendations set out in the Principles. The Corporate Governance Statement was approved by the Board on 30 September 2022 and is available on the Company's website: https://www.netlinkz.com/about

DIRECTORS

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

- Mr Stephen Gibbs
- Mr James Tsiolis
- Mr Zhang
- Mr James Stickland
- Dr Geoff Raby AO
- Mr Grant Booker

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

PRINICIPAL ACTIVITIES

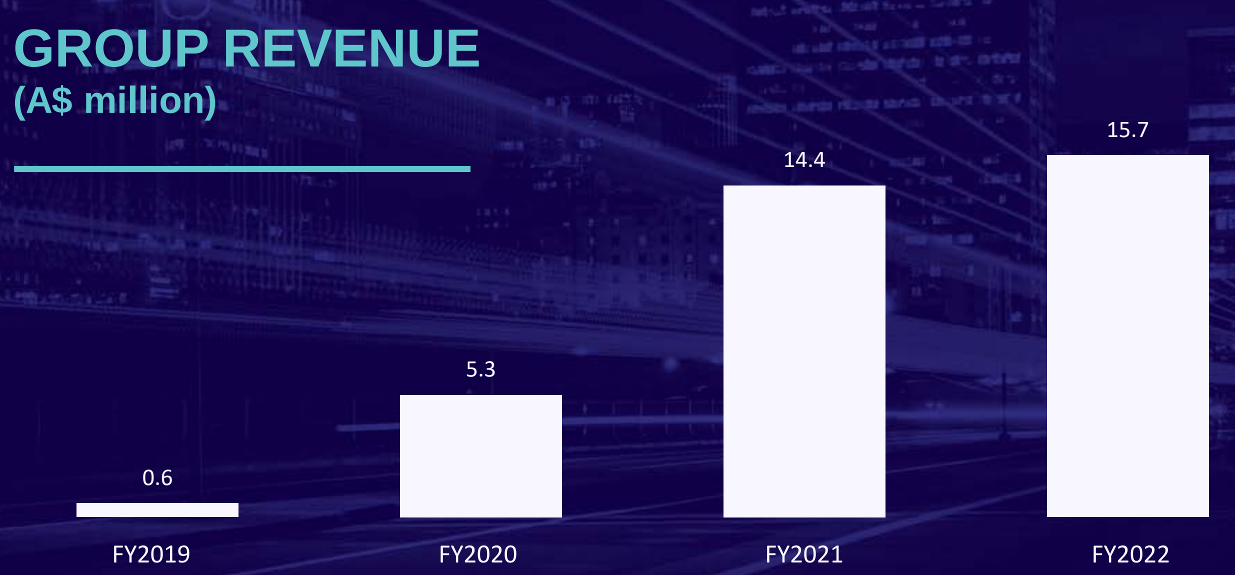
Netlinkz Limited (Netlinkz or the Company) (ASX:NET) is a networking vendor with a vision to create secure personalised connections for every user. The Netlinkz VSN solution is a NaaS (Network-as-a-Service) proposition that is user-centric, creating a per-user private network that is available, secure and performance optimised, for authorised users regardless of their location.

Being a NaaS platform, enterprises have the flexibility to pay either based on consumption or per-user term-based subscription model. The Netlinkz VSN allows enterprises to embrace their *new-normal* by allowing IT departments to consistently enforce employee connectivity policies (compliance), simplifying operations (cost), improving security (business continuity), while directly correlating technology investment to user-productivity (value).

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

REVIEW OF OPERATIONS

The Directors of Netlinkz are pleased to present their report on the consolidated entity and the entities it controlled at the end of the financial year ended 30 June 2022.



Revenue

Revenue for the year grew by 9% over the prior year to $15.7m (2021: $14.4m). The last three financial years highlight the pivot the Company made in the creation and development of VSN in July 2019. Whilst revenue growth was disappointingly low (2022 v 2021 due to the zero COVID policy in China) the revenue shift from hardware to software sales continued at a strong rate.

China revenue grew by 5% to $12.4m (2021: $11.9m) but increased by ~21% when prior year hardware sales are removed. Rolling shutdowns in the major cities of Beijing and Shanghai, where the Company has its operations, weighed on the shift to product sales. The Company is in the process of establishing a key partnership in China to allow the sale of the VSN to telecommunications providers in China.

Revenue for the ROW grew modestly by 5% to $2.7m given delays in finalising the product bundles and the hiring of key product, sales and marketing executives. The development of new product bundles, for the acquired Southcloud business, the MENA venture and South East Asia with LNS should position well for accelerated growth in FY 2023.

Initiatives & Growth

The Company has launched four new product bundles **Express, ExpressPlus**. **ExpressPass** and **CCTV Protect**. In conjunction the company plans to add eCommerce to the Netlinkz website to allow the product range to be purchased online and in scale across all key markets. A number of initiatives have started post the 30 June 2022 reporting period with the expectation a number of these initiatives will come to fruition over the coming twelve months. A key focus for the executive is to build a well-diversified revenue base across regions and countries as well as industries. Whilst the uncertainty of COVID, due to rolling lockdowns, is slowly disappearing in many countries, it remains a challenge for others. Coupled with the current geopolitical challenges diversification in revenue is critical.

One of the historical challenges with the technology has been its ubiquitous application to all things network and cybersecurity which has provided many opportunities and distractions for the executive. The development of the four product bundles has created a focused sales strategy.

These product bundles will be sold through the distribution and partner channels the company has established over the last eighteen months in key markets including:

- China
- MENA
- South-East Asia
- Northwest Asia
- Australia
- Europe and UK

MENA (Middle East North Africa)

The Company continued during the year to develop its new partnership opportunities. The establishment of a legal entity in Qatar is close to finalisation and will enable the Company to build the business based on its Joint Venture Agreement with Al Rabban International, Qatar.

In late FY 2022 the Company executed an agreement with Empact Consulting, Bahrain, who are now tendering for government projects in MENA, and selling the VSN to corporate enterprises. Additionally, Empact will provide support services for the VSN product bundles.

The establishment of an Innovation Lab in Doha, Qatar will be completed by the end of the second quarter of the current financial year. Doha will evolve as the hub for the Company and the VSN product bundles.

Australia

The acquisition of SouthCloud (29 June 2022) is the first sales channel to be established for the VSN product bundles (see www.southcloud.online/friends-family). SouthCloud is a telecommunications provider servicing rural customers across the country. Netlinkz will underpin the SouthCloud backbone in network security and improved data transmission, as well as the deployment of secure networking services to SouthCloud's customers. This is an exciting development for Netlinkz as it establishes a large-scale telecommunications use-case for the VSN.

Over the current financial year, the Company expects to have established more channels to focus on small to medium enterprises that need a secure cloud-based network over the internet.

SSI will continue to grow its revenue base from surveillance activity and contract maintenance growth, in addition, to VSN product bundle sales.

The Company has started a process of establishing a research partnership with a cybersecurity unit with an Australian university and a government agency.

China

The Company is continuing to develop its capability in China to deliver the VSN product bundles to the existing distribution channels. Whilst the rolling lockdowns (as a result of China's zero COVID tolerance) slowed sales growth the Company expects sales to pick up again with an improved profit margin as the business continues to transition to selling product.

With the VSN product bundles the company will expand its reseller network to include partners that are focused on tier one and tier two telecommunications providers in the mainland and Hong Kong.

Key partnership channels will transition to VSN product bundles over the next 12 months.

The Company has over 180 employees and contractors in China which provides the platform to expand the VSN product bundles and provide the product support function for China.

South-East Asia

LNS has agreed pricing for the VSN product bundles. We expect sales to start in the second quarter of the current financial year in Malaysia.

North Western Asia

Netlinkz established an office and a corporate entity in Pakistan to develop business in North Western Asia. The Company is finalising a demonstration lab in Islamabad as part of the go to market.

Europe.

As a result of limited resources and the demands outside of Europe the Company delayed its go to market with UniSystems until the last quarter of the current financial year. The VSN product bundles were developed as part the collaboration work undertaken with UniSystems over the last 15 months.

Funding

The Company completed the year with $2.7m (2021: $10.8m) in the bank.

With a number of significant distribution and sales opportunities in FY 2023, the Company took steps late in the financial year to put in place appropriate financing facilities.

A Director has provided a $10m unsecured loan facility (undrawn at year end and drawn down by $1.5m as at the date of this report) at an interest rate of 6.8% as adjusted by increases in the Reserve bank cash rate post 9 May 2022.

In addition, subsequent to year end, the Company executed a $20.5m equity placement facility, available for a period of 3 years, providing the Company with flexible funding over an extended period.

The Company is not precluded from raising capital through traditional placement, rights issue or share purchase plan, however, the Company will optimise its funding needs minimising dilution of its shareholders, whilst accessing valuable capital to fund its distribution strategies to generate revenue growth.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

It is the opinion of the Directors that there were no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2022, except as otherwise noted in this report.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE PERIOD

On 1 August 2022 the Company announced a $20.5m equity placement facility, available for a period of 3 years, providing the Company with flexible funding over an extended period.

The Company signed a Variation Letter to extend the terms of the $10 million debt facility, allowing the full $10 million to be drawn down subsequent to year end. At the date of the this report this facility is drawn down by $1.5 million.

Other than as outlined above no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

INFORMATION ON DIRECTORS

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

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

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

Other current directorships:	Australian Ethical Investment Limited
Former directorships (last 3 years):	None.
Shares held:	Nil

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

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

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

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

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

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

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

Other current directorships:	None.
Former directorships (last 3 years):	North Asia Strategic Holdings Ltd
Shares held :	130,201,697 ordinary shares
Options held :	Nil

Name: **Mr Hualin Zhang**

Title: Non-Executive Director

Appointed: 28 February 2019

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

Other current directorships: None.

Former directorships (last 3 years): None.

Shares held: Nil

Options held:

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

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

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

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

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

Name: **Dr Geoff Raby AO**

Title: Non-Executive Director

Appointed: 8 September 2020

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

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

Other current directorships: Yancoal (ASC:YAL)

Former directorships (last 3 years): OceanaGold (ASX: OCG), iSentia (ASX:ISD), Wiseways (ASX: WWG)

Shares held: Nil

Options held:

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

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

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

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

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

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

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

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

Options held:

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

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

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

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

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

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

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

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

Since leaving Transpacific Industries Group Limited, Mr Booker has been involved in a number of successful ventures in the property sector. He is a Director of over 10 private companies, and has led a number of successful capital raisings for these, and other businesses.

Other current directorships:	None
Former directorships (last 3 years):	None

57,500,000 ordinary shares

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

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

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

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

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

Company secretary

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

Mr Robertson is currently a director of Hastings Technology Metals Ltd (ASX:HAS), Artemis Resources Limited (ASX: ARV), Metal Bank Limited (ASX: MBK), GreenTech Metals Limited (ASX:GRE) and Bioxyne Limited (ASX:BXN).

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

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Board Meetings	
	Number Attended	Number Held While In Office
Mr James Tsiolis	9	9
Mr Zhang	9	9
Mr Grant Booker	9	9
Mr Stephen Gibbs	9	9
Dr Geoff Raby AO	9	9
Mr James Stickland	9	9

The number of meetings of the Company's Committees held during the year ended 30 June 2022, and the number of meetings attended by each director were as follows:

	Audit and Risk Committee Meetings	
	Number Attended	Number Held While In Office
Mr Stephen Gibbs	3	3
Mr Grant Booker	3	3
Mr James Stickland	3	3

	Remuneration And Nomination Committee Meetings	
	Number Attended	Number Held While In Office
Mr Stephen Gibbs	2	2
Mr Grant Booker	2	2
Dr Geoff Raby AO	2	2

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

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

Principles used to determine the nature and amount of remuneration

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

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

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

Non-executive directors' remuneration

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

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

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

During the year the non-executive directors agreed to take 50% of their remuneration, in shares, subject to shareholder approval at the next shareholder meeting.

Executive remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility. Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations. Executives may receive their remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Remuneration for certain individuals may be directly linked to the performance of the Consolidated Entity. In the future, a portion of cash bonus and incentive payments will be dependent on defined performance targets being met. Currently, the cash bonus and incentive payments are at the discretion of the Board. Share based payments (equity settled) or options may also be issued as performance linked compensation, subject to any necessary shareholder approval. The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

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

Reliance on external remuneration consultants

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

Voting and comments made at the Company's 2021 Annual General Meeting ('AGM')

At the 2021 AGM, 82.89% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Company performance

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

	2022	2021	2020	2019	2018
Net loss after tax	8,405,831	23,750,691	23,974,272	18,509,290	14,801,454
Share price at 30 June	0.0300	0.0250	0.0565	0.1650	0.0350
Loss per share	0.0026	0.0099	0.0131	0.0130	0.0200

Details of remuneration

Amounts of remuneration

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

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

Mr Stephen Gibbs	Non-Executive Chairman
Mr James Tsiolis	CEO & Executive Director
Mr Zhang	Non-Executive Director
Dr Geoff Raby AO	Non-Executive Director
Mr James Stickland	Non-Executive Director
Mr Grant Booker	Non-Executive Director
Mr Rotem Salomonovitch	Chief Technical Officer (appointed 9 August 2021)
Mr Matthew Ryan	Chief Financial Officer (resigned 29 December 2021)

Amounts of remuneration

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

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

[2]Resigned 29 December 2021

Amounts of remuneration

	Cash salary and fees	Post employment superannuation	Short-term benefits Annual Leave	Equity Settled Share-based Payments Shares	Options	Total	Performance Related
	$	$	$	$	$	$	%
2021							
Non-Executive Directors:							
Stephen Gibbs	36,000	3,600	-	-	22,632	62,232	0%
Mr Zhang	83,523	-	-	-	275,183	358,706	0%
Geoff Raby AO	73,295	7,076	-	-	211,931	292,302	0%
James Stickland	73,295	-	-	-	211,931	285,226	0%
Grant Booker	63,750	6,169	-	-	25,007	94,926	0%
Bruce Rathie[1]	35,606	3,383	-	-	-	38,989	0%
Grant Thompson[2]	29,983	2,645	-	-	-	32,628	0%
Executive Directors:							
James Tsiolis	600,000	21,694	55,598	220,000	-	897,292	25%
Other Executive KMP:							
Matthew Ryan	250,000	21,694	19,305	-	311,961	602,960	0%
	1,245,452	66,261	74,903	220,000	1,058,645	2,665,261	8%

[1]Resigned 19 November 2020

[2]Resigned 8 September 2020

Service agreements

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

Executive Directors

Remuneration of Executive Directors are included under an engagement agreement.

Name: Mr James Tsiolis

Details: As an Executive Director and Chief Executive Officer, Mr Tsiolis, with effect from 1 July 2021 was paid $360,000 per annum, a reduction of 50% from the prior year. Mr Tsiolis has a twelve-month notice period.

Under Mr Tsiolis' prior employment contract in force throughout FY2021, Mr Tsiolis was entitled to shares in the Company up to a value of 200% of his base salary at the discretion of the Board. No bonus was paid in respect of the 2022 financial year.

With effect from 1 July 2022 Mr Tsiolis remuneration has been increased to a salary of $500,000 per annum and a director's fee of $90,000 per annum.

Other Key Management Personnel

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

Mr Rotem Salomonovitch, Chief Technical Officer has a service contract with base remuneration of $400,000 per annum plus superannuation. Mr Salomonovitch was awarded a sign on bonus of 10,000,000 shares, and 14,500,000 performance rights which will vest based on achieving certain hurdles.

Additional disclosures relating to key management personnel

Shareholding

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

2022

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/other	Balance at the end of the year
Ordinary shares					
Stephen Gibbs	-	-	-	-	-
Mr Zhang	-	-	-	-	-
Geoff Raby AO	-	-	-	-	-
James Stickland	-	-	-	-	-
Grant Booker	57,500,000	-	-	-	57,500,000
James Tsiolis	130,201,697	-	-	-	130,201,697
Rotem Solomonavitch	-	10,000,000	-	-	10,000,000
	187,701,697	10,000,000	-	-	197,701,697

2021

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/other	Balance at the end of the year
Ordinary shares					
Stephen Gibbs	-	-	-	-	-
Mr Zhang	-	-	-	-	-
Geoff Raby AO	-	-	-	-	-
James Stickland	-	-	-	-	-
Grant Booker	57,500,000	-	-	-	57,500,000
Bruce Rathie	-	-	-	-	-
Grant Thomson	-	-	-	-	-
James Tsiolis	65,670,538	20,000,000	45,643,659	(1,112,500)	130,201,697
Matthew Ryan	-	-	-	-	-
	123,170,538	20,000,000	45,643,659	(1,112,500)	187,701,697

Options held/Performance rights

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

2022

	Balance at the start of the year	Received as part of remuneration	Lapsed/ Exercised	Balance at the end of the year	Balance vested and exercisable
Options/Performance Rights					
Stephen Gibbs	10,000,000	-	-	10,000,000	5,000,000
Mr Zhang	10,000,000	-	-	10,000,000	10,000,000
Geoff Raby AO	10,000,000	-	-	10,000,000	10,000,000
James Stickland	10,000,000	-	-	10,000,000	10,000,000
Grant Booker	10,000,000	-	-	10,000,000	10,000,000
James Tsiolis	6,000,000	-	(6,000,000)	-	-
Rotem Salomonvitch[1]	-	40,000,000	-	40,000,000	14,500,000
Matthew Ryan[2]	10,500,000	-	(10,500,000)	-	-
	66,500,000	40,000,000	(16,500,000)	90,000,000	59,500,000

[1]Mr Rotem Salomonovitch was appointed on 9 August 2021, and was granted 14,500,000 performance rights on 29 December 2021. The performance rights have a performance period to 30 June 2022, and the award of shares the subject of the performance rights are subject to achieving certain performance hurdles.

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

[2]Resigned 29 December 2021. Performance rights awarded 6,500,000 and were held on termination. The balance of performance rights, 4,000,000 lapsed on termination.

2021

	Balance at the start of the year	Received as part of remuneration	Additions	Lapsed/ Exercised	Balance at the end of the year
Options/Performance Rights					
Stephen Gibbs	-	10,000,000	-	-	10,000,000
Mr Zhang	-	10,000,000	-	-	10,000,000
Geoff Raby AO	-	10,000,000	-	-	10,000,000
James Stickland	-	10,000,000	-	-	10,000,000
Grant Booker	-	10,000,000	-	-	10,000,000
Bruce Rathie	-	-	-	-	-
Grant Thomson	-	-	-	-	-
James Tsiolis	36,000,000	-	-	(30,000,000)	6,000,000
Matthew Ryan	10,500,000	-	-	-	10,500,000
	46,500,000	50,000,000	-	(30,000,000)	66,500,000

Option holding

As at 30 June 2022 the below are unissued ordinary shares under option held by directors or key management personnel, executives or service providers.

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

Grant date	Vesting and exercise date	Expiry date	Exercise price	Expected volatility	Value per option at grant date	% vested	# held by Geoff Raby	# held by James Stickland	# held by Mr Zhang	# held by Grant Booker	# held by Stephen Gibbs
19/11/20	8/3/22	1/9/23	$0.100	95%	$0.035	50%	2,500,000[1]	2,500,000[1]	-	-	-
19/11/20	19/11/20	1/9/23	$0.100	95%	$0.035	100%	-	-	2,500,000[1]	-	-
19/11/20	8/3/22	1/9/23	$0.150	95%	$0.029	50%	2,500,000[1]	2,500,000[1]	-	-	-
19/11/20	19/11/20	1/9/23	$0.150	95%	$0.029	100%	-	-	2,500,000[1]	-	-
19/11/20	8/3/22	1/9/23	$0.200	95%	$0.025	50%	2,500,000[1]	2,500,000[1]	-	-	-
19/11/20	19/11/20	1/9/23	$0.200	95%	$0.025	100%	-	-	2,500,000[1]	-	-
19/11/20	8/3/22	1/9/23	$0.250	95%	$0.021	50%	2,500,000[1]	2,500,000[1]	-	-	-
19/11/20	19/11/20	1/9/23	$0.250	95%	$0.021	100%	-	-	2,500,000[1]	-	-
16/6/21	16/4/22	1/9/23	$0.100	95%	$0.005	50%	-	-	-	2,500,000[1]	-
16/6/21	15/9/22	1/9/23	$0.100	95%	$0.005	50%	-	-	-	-	2,500,000[1]
16/6/21	16/4/22	1/9/23	$0.150	95%	$0.004	50%	-	-	-	2,500,000[1]	-
16/6/21	15/9/22	1/9/23	$0.150	95%	$0.004	50%	-	-	-	-	2,500,000[1]
16/6/21	16/4/22	1/9/23	$0.200	95%	$0.003	50%	-	-	-	2,500,000[1]	-
16/6/21	15/9/22	1/9/23	$0.200	95%	$0.003	50%	-	-	-	-	2,500,000[1]
16/6/21	16/4/22	1/9/23	$0.250	95%	$0.002	50%	-	-	-	2,500,000[1]	-
16/6/21	15/9/22	1/9/23	$0.250	95%	$0.002	50%	-	-	-	-	2,500,000[1]
							10,000,000	10,000,000	10,000,000	10,000,000	10,000,000

[1] 50% vest immediately and 50% vest after an 18 month service condition from date of appointment. The corresponding vesting and exercise dates represent 18 months from the date of appointment.30,000,000 of the above options are vested and exercisable as at 30 June 2022.

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

	Grant date	Number granted	Performance record date	Expiry date	Value per right at grant date
Rotem Salomonvitch	29/12/2021	14,500,000	30/6/2022	30/9/2022	$0.0155
Rotem Salomonvitch	20/5/2022	25,500,000	30/6/2023 & 30/6/2024	30/9/2024	$ 0.054
Other employees	20/5/2022	11,000,000	30/6/2022 to 15/3/2025	15/6/2025	$ 0.054
		51,000,000			

Other transactions with key management personnel and their related parties

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

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

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

There are no balances outstanding at the reporting date in relation to transactions with related parties.

This concludes the remuneration report, which has been audited.

DIVIDENDS

No dividends have been declared for the financial year ended 30 June 2022 or for the previous corresponding period.

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

INDEMNIFICATION OF AUDITORS

The Company has not, during or since the end of the financial year ended 30 June 2022, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year ended 30 June 2022, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE GROUP

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

AUDITOR INDEPENDENCE

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

AUDITOR

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

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

James Tsiolis
CEO & Executive Director
Sydney NSW

Dated this 30th day of September 2022.

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Australia

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

As lead auditor of Netlinkz Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

Gareth Few
Director

BDO Audit Pty Ltd

Sydney

30 September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

Netlinkz

		Consolidated for the year ended	
Continuing operations	**Note**	**30 Jun 2022**	**30 Jun 2021**
		$	**$**
Revenue	4	15,701,430	14,388,354
Other income	4	296,650	707,745
		15,998,080	15,096,099
Expenses			
Business development, marketing, travel and accommodation expenses		(267,698)	(1,334,892)
Administration, office and corporate expenses		(7,363,014)	(11,180,807)
Development and commercialisation expenses		(1,871,448)	(2,938,078)
Selling, design, implementation and hardware expenses	5(a)	(11,664,350)	(11,024,744)
Financing costs	5(b)	(347,321)	(10,075,304)
Employee share based payment expenses (shares and options)	15	(1,168,236)	(943,944)
Other share based payment expenses (shares and options)	15	(237,328)	(1,627,500)
Net fair value (loss)/gain on debt arrangement	5(c)	(1,429,772)	334,504
Foreign exchange loss		(54,744)	(56,025)
	5(d)	(24,403,911)	(38,846,790)
Loss before income tax		(8,405,831)	(23,750,691)
Income tax	6	-	-
Loss after income tax for the year		**(8,405,831)**	**(23,750,691)**
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		242,071	12,260
Other comprehensive income for the year, net of tax		242,071	12,260
Total comprehensive loss for the year, net of tax		(8,163,760)	(23,738,431)
Loss for the year is attributable to:			
Members of the parent entity		(8,410,824)	(23,451,880)
Non-controlling interests		4,993	(298,811)
		(8,405,831)	(23,750,691)
Total comprehensive loss for the year is attributable to:			
Members of the parent entity		(8,153,918)	(23,456,734)
Non-controlling interests		(9,842)	(281,697)
		(8,163,760)	(23,738,431)
Loss per share from continuing operations		**$**	**$**
Basic loss per share	21	(0.0026)	(0.0099)
Diluted loss per share	21	(0.0026)	(0.0099)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Note	Consolidated as at 30 Jun 2022	Consolidated as at 30 Jun 2021
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	7	2,689,024	10,836,411
Trade and other receivables	8	2,531,586	1,912,240
Other assets	8	589,744	1,184,676
Total current assets		5,810,354	13,933,327
Non-current assets			
Property, plant and equipment		56,332	7,692
Investments		100,000	100,000
Right of use asset		173,269	216,722
Intangible assets	9	2,611,084	3,362,075
Goodwill	9	9,531,080	9,381,815
Total non-current assets		12,471,765	13,068,304
Total assets		18,282,119	27,001,631
LIABILITIES			
Current liabilities			
Trade and other payables	10	1,100,566	2,628,618
Employee benefits	11	108,026	316,104
Borrowings	12	75,750	1,343,190
Other current liabilities	13a	1,098,492	1,322,830
Total current liabilities		2,382,834	5,610,742
Non-current liabilities			
Other non-current liabilities	13b	88,597	23,537
Total non-current liabilities		88,597	23,537
Total liabilities		2,471,431	5,634,279
Net assets		**15,810,688**	**21,367,352**
Equity			
Issued capital	14	122,528,735	120,447,809
Reserves	16	13,372,400	12,594,317
Accumulated losses	17	(120,200,785)	(111,789,961)
Capital and reserves attributable to members of the parent entity		15,700,350	21,252,165
Non-controlling interests		110,338	115,187
Total equity		**15,810,688**	**21,367,352**

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

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
For the year ended 30 June 2022

		Attributable to owners of Netlinkz Limited					
Consolidated	Notes	Issued capital $	Reserves $	Accumulated losses $	Total equity $	Non-controlling interest $	Total equity $
Balance at 1 July 2020		79,736,988	8,915,364	(88,338,081)	314,271	396,884	711,155
Loss for the year		-	-	(23,451,880)	(23,451,880)	(298,811)	(23,750,691)
Other comprehensive income		-	(4,854)	-	(4,854)	17,114	12,260
Total comprehensive loss for the year		-	(4,854)	(23,451,880)	(23,456,734)	(281,697)	(23,738,431)
Transactions with owners in their capacity as owners:							
Share issue	14	41,646,670	-	-	41,646,670	-	41,646,670
Collateral shares converted to ordinary shares	14	1,331,700	-	-	1,331,700	-	1,331,700
Share based payments	15	-	3,683,807	-	3,683,807	-	3,683,807
Capital raising costs	14	(2,267,549)	-	-	(2,267,549)	-	(2,267,549)
Balance at 30 June 2021		**120,447,809**	**12,594,317**	**(111,789,961)**	**21,252,165**	**115,187**	**21,367,352**

		Attributable to owners of Netlinkz Limited					
Consolidated	Notes	Issued capital $	Reserves $	Accumulated losses $	Total equity $	Non-controlling interest $	Total equity $
Balance at 1 July 2021		120,447,809	12,594,317	(111,789,961)	21,252,165	115,187	21,367,352
(Loss)/profit for the year		-	-	(8,410,824)	(8,410,824)	4,993	(8,405,831)
Other comprehensive income		-	251,913		251,913	(9,842)	242,071
Total comprehensive loss for the year		-	251,913	(8,410,824)	(8,158,911)	(4,849)	(8,163,760)
Transactions with owners in their capacity as owners:							
Shares issued on conversion of options	14	820,000	-	-	820,000	-	820,000
Shares issued for settlement of debt and services	14	469,432	-	-	469,432	-	469,432
Share based payments	15	791,494	526,170	-	1,317,664	-	1,317,664
Balance at 30 June 2022		**122,528,735**	**13,372,400**	**(120,200,785)**	**15,700,350**	**110,338**	**15,810,688**

The above

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2022

Netlinkz

	Note	Consolidated for the year ended 30-Jun-22 $	30-Jun-21 $
Cash flows from operating activities			
Receipts from customers		17,673,683	14,537,943
Payments to suppliers and employees		(23,546,045)	(24,662,609)
Grants, government support and research and development tax offset received		-	660,086
Interest received		20,789	47,660
Interest paid		(301,039)	(368,601)
Net cashflows used in operating activities	**20**	**(6,152,612)**	**(9,785,521)**
Cash flows from investing activities			
Investment in low-risk at-call financial assets (FVTPL)		-	2,683,264
Payment for SouthCloud, net of cash	**19**	(152,507)	-
Additions to plant, property and equipment		(60,076)	(7,599)
Net cashflows (used in)/from investing activities		**(212,583)**	**2,675,665**
Cash flows from financing activities			
Proceeds from issue of shares		-	21,109,618
Proceeds from issue of convertible notes		-	4,995,000
Payments of convertible note redemptions		-	(12,460,644)
Proceeds from exercise of options		820,000	1,256,350
Share issue transaction costs		-	(1,268,427)
Financing costs		(67,600)	(1,082,689)
Proceeds from borrowings		-	12,150,000
Payments of borrowings		(1,150,000)	(8,006,398)
Lease payments		(83,739)	(142,835)
Loan provided to unlisted entity		(1,429,772)	-
Net cashflows (used in)/from financing activities		**(1,911,111)**	**16,549,975**
Net (decrease)/increase in cash and cash equivalents		(8,276,306)	9,440,119
Effect of foreign exchange movements on cash		128,919	(43,643)
Cash and cash equivalents at the beginning of the financial year		10,836,411	1,439,935
Cash and cash equivalents at the end of the financial year	**7**	**2,689,024**	**10,836,411**

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

General information

The financial statements cover Netlinkz Limited as a consolidated entity consisting of Netlinkz Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Netlinkz Limited's functional and presentation currency.

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

Basis of preparation

These general purpose 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 the following:

- 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.

The Group incurred a loss after income tax for the year of $8,405,831, had net cash outflows from operating activities of $6,152,612 for the twelve months and working capital of $3,427,520 as at 30 June 2022.

The Directors believe that it is reasonably forseeable that the consolidated entity 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 is demonstrating revenue growth (+14% in FY22 versus FY21).
- Subject to its available issue capacity pursuant to ASX Listing Rule 7.1, the Company has the ability to issue additional equity under the Corporations Act 2001 to raise further working capital and has a track record for being able to do so in the past, as evidenced by the two successful share placements ($7,914,000 and $14,979,270) completed in the financial year ended 30 June 2021.
- The Group has in place a Debt Funding Facility of $10 million (see ASX announcement 9 May 2022), and an Equity Placement Facility of $20.5 million (see ASX announcement of 1 August 2022). As at the date of this report the Debt Facility is drawn to $1.5 million.
- The Board receives consolidated profit and loss, balance sheet and cash flow statements on a regular basis. The directors regularly monitor the Group’s cash position and consider a number of strategic initiatives to ensure that adequate funding continues to be available.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 26.

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 2022 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 period. 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 period is the tax payable on that period'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 periods, where applicable.

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

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

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

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.
Netlinkz Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.
The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

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

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

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

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

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

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

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

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

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

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

Plant and equipment	2-7 years

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

Revenue recognition
The consolidated entity recognises revenue as follows:

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.

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 period. 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.

Service contracts have a single performance obligation which is met at a point in time, while software and licensing arrangements require ongoing support and maintenance, with these obligations performed over the life of the contract.

Consulting, design and implementation services
The Group provides secure networking consulting, design and implementation services to its resellers, partners and customers. Consulting services are charged to customers at contracted rate based on services performed. Revenue from providing these services and associated hardware is recognised over time in the accounting period in which the services are rendered.

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 period 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 conditional 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 liabilities are recorded on initial invoicing of services which are rendered over time. The contract liability is subsequently unwound over the service period as revenue. Contract assets and contract liabilities are recognised and measured in accordance with this accounting policy.

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

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

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

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

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period 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 period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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

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

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.

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

Developed Software
Significant development costs associated with software are initially capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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

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

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

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

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

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

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

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods 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
Employees may nominate their own superannuation fund into which the Company pays superannuation contributions. In addition, the Company pays pension contributions to foreign employees hired in their respective countries.

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

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

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

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

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

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

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

Issued capital
Ordinary shares are classified as equity.

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

Collateral Shares
Collateral shares are shares in the Company that are held by the Company's convertible notes holders as security for purpose of the agreed funding facilities. These shares are treated as treasury shares until they are fully paid for.

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

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

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

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

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

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

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

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

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

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

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

existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Goods and Services Tax (GST) and other similar taxes

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

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

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

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

Adoption of new and revised accounting standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. 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 period ended 30 June 2022. 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, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 27, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Estimation of useful lives of assets

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

Business combinations

As discussed in Note 1, 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 period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Share Based Payments

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

Impairment testing

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

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

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 a 5 year period with a terminal value. Cash flows beyond this period 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 (CGU's) or a group of cash-generating units in a non-arbitrary way which is expected to benefit from the synergies of the combination.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segmentsThe 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 country 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.

Intersegment transactions

No intersegment transactions occurred during the period.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

For the year ended 30 June 2022	Australia & New Zealand	China	Unallocated/ Corporate	Netlinkz Group
Earnings before interest, tax, depreciation & amortisation	**$**	**$**	**$**	**$**
Revenue	3,266,502	12,434,928	-	15,701,430
Other income (excl. interest)	11,987	13,530	249,808	275,325
Total revenue	**3,278,489**	**12,448,458**	**249,808**	**15,976,755**
Selling, design, implementation and hardware expenses	(775,165)	(10,889,185)	-	(11,664,350)
Financing costs (excl. interest)				
Employees share based expenses (shares and options)	-	-	(1,168,236)	(1,168,236)
Other share based expenses (shares and options)	-	-	(237,328)	(237,328)
Net fair value loss on debt arrangement	-	-	(1,429,772)	(1,429,772)
Foreign exchange movements	(54,744)	-	-	(54,744)
Other operating expenses	(6,409,500)	(2,132,908)	-	(8,542,408)
Total earnings before interest, tax, depreciation & amortisation	**(3,960,920)**	**(573,635)**	**(2,585,528)**	**(7,120,083)**
Depreciation and amortisation	(861,605)	(98,147)	-	(959,752)
Net interest income/(expense)	(347,321)	21,325	-	(325,996)
Loss before income tax from continuing operations	**(5,169,846)**	**(650,457)**	**(2,585,528)**	**(8,405,831)**

For the year ended 30 June 2021	Australia & New Zealand	China	Unallocated/ Corporate	Netlinkz Group
Earnings before interest, tax, depreciation & amortisation	**$**	**$**	**$**	**$**
Revenue	2,530,346	11,858,008	-	14,388,354
Other income (excl. interest)	33,787	305	625,993	660,085
Total revenue	**2,564,133**	**11,858,313**	**625,993**	**15,048,439**
Selling, design, implementation and hardware expenses	(315,759)	(10,708,985)	-	(11,024,744)
Financing costs (excl. interest)	-	-	(7,968,563)	(7,968,563)
Employees share based expenses (shares and options)	-	-	(943,944)	(943,944)
Other share based expenses (shares and options)	-	-	(1,627,500)	(1,627,500)
Net fair value gain on debt settlement	-	-	334,504	334,504
Foreign exchange movements	(21,326)	-	(34,699)	(56,025)
Other operating expenses	(1,498,451)	(2,745,266)	(10,214,381)	(14,458,098)
Total earnings before interest, tax, depreciation & amortisation	**728,597**	**(1,595,938)**	**(19,828,590)**	**(20,695,931)**
Depreciation and amortisation	(340,730)	(538,156)	(116,792)	(995,678)
Net interest income/(expense)	(53,015)	43,688	(2,049,755)	(2,059,082)
Loss before income tax from continuing operations	**334,852**	**(2,090,406)**	**(21,995,137)**	**(23,750,691)**

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

As at 30 June 2021	Australia & New Zealand	China	Unallocated/ Corporate	Netlinkz Group
Summarised balance sheet	$	$	$	$
Current assets	147,092	4,247,581	9,538,654	13,933,327
Current liabilities	(338,519)	(724,557)	(4,547,666)	(5,610,742)
Current net assets	**(191,427)**	**3,523,024**	**4,990,988**	**8,322,585**
Non-current assets	8,292,983	4,571,549	203,772	13,068,304
Non-current liabilities	-	-	(23,537)	(23,537)
Non-current net assets	**8,292,983**	**4,571,549**	**180,235**	**13,044,767**
Net assets	**8,101,556**	**8,094,573**	**5,171,223**	**21,367,352**

NOTE 4. REVENUE AND OTHER INCOME

Disaggregation of revenue

	Consolidated for the year ended 30 Jun 2022 $	30 Jun 2021 $
Consulting, design and implementation revenue	13,045,698	12,093,463
Software, service and licensing revenue	2,655,732	2,294,891
Total revenue	15,701,430	14,388,354

Other income	Consolidated for the year ended 30 Jun 2022 $	30 Jun 2021 $
Interest	21,325	47,660
Grants and research and development tax offset	249,808	571,673
Government support - COVID-19 cash flow boost	-	76,825
Other	25,517	11,587
Total other income	296,650	707,745

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

Revenue	*Consulting, design & implementation revenue* 2021 $	*Software, service and Licensing revenue* 2021 $	*Total* 2021 $
Primary geographical markets			
Australia	235,455	808,740	1,044,195
New Zealand	-	1,486,151	1,486,151
China	11,858,008	-	11,858,008
	12,093,463	2,294,891	14,388,354
Timing of revenue recognition			
Products and services transferred at point in time	2,229,631	122,948	2,352,579
Services transferred over time	9,863,832	2,171,943	12,035,775
	12,093,463	2,294,891	14,388,354

NOTE 5. EXPENSES

(a) Selling, design, implementation and hardware expenses

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

(b) Financing costs

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

(c) Net fair value loss/gain on debt arrangements

The Group settled a debt arrangement prior to the acquisition of SouthCloud Holdings Pty Ltd, resulting in a loss. Net fair value gain represents the difference between the fair value of instruments used for debt settlements and carrying amount of the debts, fees and claims on debts settled in shares or options.

(d) Included in expenses are the following costs:

	Consolidated for the year ended	
	30 June 2022	30 June 2021
	$	$
Salary and wages expense	4,306,879	5,953,368
Interest and other borrowing costs	346,577	2,106,742
Legal	53,252	1,122,094
Amortisation expense	750,991	758,861
Compliance and other costs related to being listed	310,891	364,046
Depreciation expense	207,952	236,817
Rental and outgoings	81,180	39,294
Foreign exchange loss	54,744	56,025

NOTE 6. INCOME TAX EXPENSE

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Income tax expense		
Current income tax expense	-	-
Deferred income tax expense	-	-
Total income tax expense	-	-
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Accounting loss before income tax	(6,979,059)	(23,750,691)
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2021: 26%)	(1,744,765)	(6,175,180)
Add/(less) tax effect of:		
Non-deductible expenses	3,388	66,837
Non-deductible share and options expenses	351,391	785,318
Non-deductible fair value loss on debt settlement	-	(86,971)
Non-deductible fair value loss on convertible notes	-	1,194,981
Non-assessable government grants	(52,452)	(168,615)
R&D	-	138,365
Foreign operations	98,777	272,104
Debt forgiveness	-	(1,123)
Tax losses not recognised	(1,343,661)	(3,974,284)
Effect of temporary differences arising in the period for which a DTA is recognised - Australia	-	-
Effect of temporary differences arising in the period for which no DTA is recognised - Australia	(21,551)	857,351
Effect of tax losses arising in the period for which no DTA is recognised - Australia	1,087,560	2,599,157
Effect of tax losses arising in the period for which no DTA is recognised at local tax rates - Foreig	287,652	517,897
Tax rate differential	-	(121)
Income tax expense	-	-
Unused tax losses on which no deferred tax has been recognised – Income (Australia)	50,553,189	46,130,548
Unused tax losses for which no deferred tax has been recognised – Income (Foreign)	1,150,610	1,991,448
Unused tax losses on which no deferred tax has been recognised – Capital (Australia)	9,596,682	9,596,682
Revenue losses - Australia		
Tax losses brought forward on which no DTA has been recognised	46,130,548	37,056,870
Reduction in tax losses arising in the prior period on lodgement of the income tax return	72,401	(923,079)
Gross tax losses arising in the current period for which no DTA is recognised	4,350,241	9,996,756
	50,553,190	**46,130,547**
Revenue losses - Foreign		
Tax losses brought forward on which no DTA has been recognised	1,991,448	492,357

Deferred tax	30 June 2022 $	30 June 2021 $
Deferred Tax Assets balance comprises:		
Internally generated software	458,575	476,918
Deferred consideration on SSI Pacific Pty Ltd acquisition	510,000	397,800
Accruals	81,372	23,768
Provision for annual leave	27,007	82,187
Lease liability	37,145	24,723
Borrowing costs	103,513	181,111
Capital raising costs	438,144	618,459
Tax and capital losses	15,037,468	13,773,720
DTA not recognised	(16,693,224)	(15,578,686)
	-	-
Deferred Tax Liability balance comprises:		
Customer contracts and relationships acquired	(448,475)	(466,414)
Right of use asset	(35,734)	(24,983)
Unrealised FX	(6,606)	(6,710)
Offset against DTA/not recognised	490,815	498,107
	-	-
Net deferred tax	**-**	**-**

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

NOTE 7. CASH AND CASH EQUIVALENTS

	Consolidated as at	
	30 Jun 22 $	30 Jun 21 $
Cash at bank	2,689,024	10,836,411

NOTE 8. TRADE AND OTHER RECEIVABLES AND OTHER ASSETS

Trade and other receivables	Consolidated as at 30 June 2022 $	Consolidated as at 30 June 2021 $
Trade receivables	1,805,676	1,535,049
Security deposits	13,215	3,649
Prepayments	712,695	373,542
Trade and other receivables	2,531,586	1,912,240

Other assets	Consolidated as at 30 June 2022 $	Consolidated as at 30 June 2021 $
Funds held on trust for deferred consideration of SSI Pacific Pty Ltd	-	1,020,000
Inventory	78,583	-
Other receivable	511,161	164,676
Total other assets	589,744	1,184,676

NOTE 9. INTANGIBLE ASSETS

For the year ended 30 June 2022	Goodwill $	Customer contracts and relationships $	Internally generated software $	Total $
Opening net book amount	9,381,815	1,756,000	1,605,275	12,743,090
Additions[1]	149,265	-	-	149,265
Amortisation charge	-	(323,527)	(426,664)	(750,191)
Closing net book amount	9,531,080	1,432,473	1,178,611	12,142,164
As at 30 June 2022				
Cost	9,531,080	2,196,000	2,300,836	14,027,916
Accumulated amortisation and impairment	-	(763,527)	(1,122,225)	(1,885,752)
Net book amount	9,531,080	1,432,473	1,178,611	12,142,164

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

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

The Company performed a detailed impairment review of goodwill and concluded that there was no impairment for the financial year ended 30 June 2022.

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

The Company has allocated the goodwill from the acquisition of AOFA to the AOFA CGU which is included within the China segment. The Company has allocated the goodwill from the acquisition of SSI Pacific to the SSI Pacific CGU which is the operating segment expected to benefit from the acquisition.

[1]The Company has allocated the goodwill from the acquisition of Southcloud Holdings Pty Limited to the Southcloud CGU which is the cash generating unit expected to benefit from the acquisition.

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

	China	Southcloud	SSI	Total
Goodwill allocation	$2,992,032	$ 149,265	$6,389,783	$9,531,080
Pre-tax discount rate[1]	N/A	20%	18%	N/A
Long term growth rate[2]	N/A	Years 5+: 2.5%	Years 5+: 1.5%	N/A
Revenue growth rate[3]	N/A	Years 1 to 5: 5%	Years 1 to 5: 4% to 20%	N/A
Revenue multiple	6x	N/A	N/A	N/A

[1] Reflects specific risks relating to the relevant segments and the countries in which they operate.

[2] This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.

[3] Average annual growth rate over the two to five years forecast period based on conservative management estimate without taking into account future growth strategies.

China
The goodwill within the China segment only relates to the AOFA CGU. Given the business is still in its early stages, the recoverable amount of AOFA CGU has been determined based on a fair value less costs of disposal calculation. The valuation is measured using inputs that are not based on observable market data. Therefore, they are considered to be level 3 within the fair value hierarchy as per AASB 13 Fair Value Measurement. The recoverable amount has been determined based on revenue of the financial year ended 2022 using a revenue multiple.

Sensitivity

As disclosed in Note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. No reasonable change to the inputs adopted would result in impairment of this CGU.

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

Sensitivity

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

- Revenue would need to decrease by more than 12% for Southcloud and 30% for SSI before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 5% for Southcloud and 8% 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 10. TRADE AND OTHER PAYABLES

	Consolidated as at	
	30 June 2022	30 June 2021
	$	$
Trade payables and accruals	1,100,566	2,628,618

NOTE 11. EMPLOYEE BENEFITS

	Consolidated as at	
	30 June 2022	30 June 2021
	$	$
Employee benefits	108,026	316,104

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 period 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 12. BORROWINGS

	Consolidated as at	
	30 June 2022	30 June 2021
Current	$	$
Borrowings - unsecured[1]	75,750	1,150,000
Related party loans	-	193,190
	75,750	1,343,190

[1] Short term loans totalling $1,150,000 from Viriathus Capital investors. The loans matured in December 2021, with $20,000 being repaid and $1,130,000 rolled over to 15 June 2022 and repaid as at that date. The loans had an interest rate of 20% per annum interest rate paid monthly.

Loans outstanding of $75,750 as at 30 June 2022, arise on acquisition of Southcloud Holdings Pty Ltd, and are unsecured and interest free.

On 9 May 2022, the Company executed a loan facility agreement to provide up to $10 million of funding, at an interest rate of 6.8%. As at 30 June 2022 this facility had not been drawn down.

Reconciliation of loan movement

	Balance as at 1 July 2021	Cash flows	Interest payable	Arising on acquisition	Non-cash settlement	Balance as at 30 June 2022
	$	$	$	$	$	$
Other related party loans	193,190	-	1,242	-	(194,432)	-
Virathus Capital	1,150,000	(1,150,000)	-	-	-	-
Other loans	-	-	-	75,750	-	75,750
	1,343,190	(1,150,000)	1,242	75,750	(194,432)	75,750

	Balance as at 1 July 2020	Cash flows	Interest payable	Fair value changes	Non-cash settlement	Balance as at 30 June 2021
	$	$	$	$	$	$
Other related party loans	172,556	-	20,634	-	-	193,190
Akuna Finance Pty Ltd	2,098,025	-	81,664	-	(2,179,689)	-
Jamber Investments Pty Ltd	2,900,000	-	145,000	-	(3,045,000)	-
CST Capital Pty Ltd	4,459,700	(3,320,000)	-	-	(1,139,700)	-
Lind Global Macro Fund LP	4,259,701	(3,120,000)	-	-	(1,139,701)	-
J Callaway	250,000	1,250,000	88,125	-	(1,588,125)	-
Everblu Capital Pty Ltd	-	1,600,000	80,000	-	(1,680,000)	-
T Nairn	-	1,683,602	-	-	(1,683,602)	-
Virathus Capital	-	1,150,000	-	-	-	1,150,000
ARIE Manager Pty Ltd	-	4,900,000	-	-	(4,900,000)	-
	14,139,982	4,143,602	415,423	-	(17,355,817)	1,343,190

NOTE 13. OTHER LIABILITIES

(a) Other current liabilities

	Consolidated as at 30 June 2022	30 June 2021
	$	$
Contract liabilities	563,704	397,665
Deferred consideration on SSI Pacific Pty Ltd acquisition	-	510,000
Payroll tax and other statutory liabilities	254,228	244,661
GST payable	60,177	-
Accrued Director fees	160,400	-
AASB 16 Lease liability - Current	59,983	170,504
	1,098,492	1,322,830

(b) Other non-current liabilities

	Consolidated as at 30 June 2022	30 June 2021
	$	$
AASB 16 Lease liability - Non-current	88,597	23,537

NOTE 14. EQUITY – ISSUED CAPITAL

	Consolidated		Consolidated	
	30 June 2022 Shares	30 June 2022 $	30 June 2021 Shares	30 June 2021 $
Ordinary shares - fully paid	3,265,909,706	122,528,735	3,191,671,270	119,116,109
Issue of collateral shares subsequently forgiven [1]	-	-	-	1,331,700
Total issued capital	3,265,909,706	122,528,735	3,191,671,270	120,447,809

[1] These collateral shares were issued on 24th December 2019 as part of the convertible notes. These shares were treated as treasury shares until the shares are fully paid. On 31 July 2020, the Company agreed to forgo the right to the return of these collateral shares as part of the settlement agreement with CST and Lind.

Movements in ordinary share capital – Year ended 30 June 2021

	Notes	Number of shares	$
Opening balance 1 July 2020		2,036,424,162	79,736,988
Issue of shares – placement		131,900,004	7,914,000
Issue of shares – entitlement offer		599,168,811	14,979,220
Issue of shares – exercise of options		95,779,279	2,811,043
Issue of shares – debt settlement		148,869,159	8,347,804
Issue of shares – services		122,935,275	6,547,606
Issue of shares – cancellation of options		56,594,580	1,046,997
Collateral Shares converted to ordinary shares		-	1,331,700
		3,191,671,270	122,715,358
Less: Capital raising costs arising on share issues		-	(2,267,549)
Closing balance 30 June 2021		3,191,671,270	120,447,809

Movements in ordinary share capital – Year ended 30 June 2022

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

(i) Options exercised n 2 July 2021 and 15 December 2021 and $0.02 per share.

(ii) Shares issued on 2 August 2021 in settlement of a debt at $0.0284 per share.

(iii) 7,142,857 shares issued on 2 August 2021 for services rendered, at $0.035 per share and 999,497 shares issued on 9 May 2022 for services rendered at $0.025 per share.

(iv) Performance rights vested, and 3,500,000 shares issued on 5 October 2021, and 3,000,000 shares issued on 29 December 2021 to the previous Chief Financial Officer, Matthew Ryan.

(v) Shares issued to previous employee as a termination benefit on 9 May 2022, at $0.017 per share.

(vi) Shares issued to Chief Technology Officer, Mr Rotem Salomonovitch, as a sign on bonus, at $0.03 per share.

EQUITY – ISSUED CAPITAL (continued)

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 amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTE 15. SHARE BASED PAYMENTS

	30 Jun 2022	30 June 2021
	Number of options	Number of options
	2022	2021
Options	80,500,000	170,320,782

Unissued ordinary shares under option:	**Grant date**	**Number of options**	**Average Exercise price**
Opening balance 1 July 2020		204,671,658	
Options issued with expiry date of 24 December 2021	17/12/20	4,057,520	$0.1200
Options issued with expiry date of 24 September 2022	17/9/20	83,634,229	$0.1000
Options issued with expiry date of 25 September 2022	17/9/20	17,366,875	$0.1000
Options issued with expiry date of 28 September 2022	17/9/20	3,703,716	$0.1000
Options issued with expiry date of 24 September 2022	17/9/20	5,000,000	$0.0600
Options issued with expiry date of 1 September 2023	19/11/20	40,000,000	$0.1750
Options issued with expiry date of 24 September 2023	10/12/19	2,500,000	$0.1600
Options issued with expiry date of 24 December 2023	19/11/20	5,500,000	$0.1273
Options issued with expiry date of 24 December 2025	19/11/20	2,500,000	$0.1600
Options issued with expiry date of 1 September 2023	16/6/21	20,000,000	$0.1750
Options issued with expiry date of 22 June 2022	16/6/21	17,320,782	$0.2000
Exercise of options		(95,779,279)	
Options lapsed/cancelled		(140,154,719)	
Closing balance 30 June 2021		**170,320,782**	
Opening balance 1 July 2021		170,320,782	
Exercise of options	2/7/2021 & 15/12/2021	(41,000,000)	$0.02
Options lapsed/cancelled		(48,820,782)	
Closing balance 30 June 2022		**80,500,000**	

SHARE BASED PAYMENTS (continued)

Share options outstanding as at 30 June 2022 have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	30 June 2022	30 June 2021
9/2/17	1/10/21	$0.060	-	2,000,000
9/2/17	1/10/21	$0.120	-	2,000,000
9/2/17	1/10/21	$0.240	-	2,000,000
9/2/17	1/10/21	$0.360	-	2,000,000
6/6/18	2/7/21	$0.020	-	26,000,000
6/6/18	2/7/21	$0.090	-	6,250,000
6/6/18	2/7/21	$0.150	-	5,000,000
6/6/18	2/7/21	$0.045	-	2,250,000
21/12/18	21/12/21	$0.020	-	25,000,000
10/12/19	24/9/23	$0.160	2,500,000	2,500,000
24/12/19	24/12/22	$0.200	10,000,000	10,000,000
24/9/20	24/9/22	$0.060	5,000,000	5,000,000
19/11/20	1/9/23	$0.100	10,000,000	10,000,000
19/11/20	1/9/23	$0.150	10,000,000	10,000,000
19/11/20	1/9/23	$0.200	10,000,000	10,000,000
19/11/20	1/9/23	$0.250	10,000,000	10,000,000
19/11/20	24/12/23	$0.100	3,000,000	3,000,000
16/6/21	22/6/22	$0.200	-	17,320,782
16/6/21	1/9/23	$0.100	5,000,000	5,000,000
16/6/21	1/9/23	$0.150	5,000,000	5,000,000
16/6/21	1/9/23	$0.200	5,000,000	5,000,000
16/6/21	1/9/23	$0.250	5,000,000	5,000,000
Total			**80,500,000**	**170,320,782**

Additionally, as approved by shareholders at the Annual General Meeting on 19 November 2020, Mr Matthew Ryan (Chief Financial Officer) was issued three tranches of 3,500,000 performance rights, to a total of 10,500,000. Each tranche will vest into a share in the Company for nil consideration upon service conditions being met, being that Mr Ryan is employed by the company at the respective vesting dates. The tranches vest on 31 August 2021, 31 August 2022 and 31 August 2023 respectively. These performance rights have been valued on grant date with reference to the share price, being $0.071. The resulting value has been vested over the associated service condition periods.

Performance Rights

On 29 December 2021 and 20 May 2022 the Company issued 14,500,000 and 45,500,000 performance rights to employees and consultants of the Company.

The hurdles for the performance rights have performance dates from between 30 June 2022 and 15 March 2025.

The performance rights were valued by 22 Corporate, Tranche 19 was valued using a Monte Carlo Simulation Methodology (MCSM) and Tranche 1-18 using the Black-Scholes model. The following assumptions were used in the valuation:

	Tranche 1 to 17	Tranche 18	Tranche 19
Underlying share price	$0.054	$0.0155	$0.054
Exercise price	$nil	$nil	$nil
Term (years)	1 to 2.82	1	2.11
Risk-free rate	0.661% to 2.772%	0.279%	2.559%
Dividend yield	Nil	Nil	Nil
Volatility	91.0% to 100%	92.0%	90.0%
90-day VWAP hurdle	N/A	N/A	50% $0.075 & 50% $0.10
Performance Period End Date	30/6/2022 to 15/3/2025	30/6/2022	30/6/2024
Fair value per right	$0.054	$0.0155	$0.0444 and $0.0392
Number of rights	40,500,000	14,500,000	5,000,000
Total value of rights	$1,325,808	$112,128	$207,328

SHARE BASED PAYMENTS (continued)

The value if the above rights is amortised over the vesting period with $207,328 being expensed in the current year relating to consultants, and $216,541 relating to employees.

The performance rights issued to the previous CFO, Matthew Ryan, in the amount of 10,500,000 were valued at $745,490 in October 2020. Of this amount $311,961 was expensed in the year to 30 June 2021 and $149,533 in the year to 30 June 2022. A total of 6,500,000 rights vested during the year with the remaining 3,000,000 rights lapsing on resignation of 29 December 2021.

Expenses arising from employee share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows.

	Consolidated for the year ended	
	30 June 2022	30 June 2021
	$	$
Options issued under employee share scheme	139,434	631,983
Performance rights issued under employee share scheme	573,402	311,961
Shares issued under employee share scheme	300,000	-
Director fees to be settled in shares[1]	155,400	-
Total employee share based payment expenses	1,168,236	943,944
Shares issued to Mr James Tsiolis[2]	-	220,000
Total expenses arising from employee share-based payment transactions	1,168,236	1,163,944

[1]Amount accrued and reflected within salary and wages expense.

[2]Refer to Note 25 Related Party Transactions for further information on the 20,000,000 shares issued to Mr Tsiolis.

NOTE 16. EQUITY – RESERVES

	Consolidated as at	
	30 June 2022	30 June 2021
	$	$
Foreign currency translation reserve	(40,318)	(292,291)
Share based payments and options reserve	13,412,718	12,886,608
Total reserves	13,372,400	12,594,317

Share based payments and options reserve

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

NOTE 17. EQUITY – ACCUMULATED LOSSES

	Consolidated as at	
	30 June 2022	30 June 2021
	$	$
Accumulated losses at the beginning of the financial year	(111,789,961)	(88,338,081)
Loss after income tax expense for the financial year	(8,410,824)	(23,451,880)
Accumulated losses at the end of the financial year	(120,200,785)	(111,789,961)

NOTE 18. 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	**2022**	**2021**
Summarised balance sheet	**$**	**$**
Current assets	593,832	785,109
Current liabilities	(78,666)	(209,176)
Current net assets	515,166	575,933
Non-current assets	36,526	-
Non-current liabilities	-	-
Non-current net assets	36,526	-
Net assets	551,692	575,933
Accumulated non-controlling interests	110,338	115,187

	2022	**2021**
Summarised statement of comprehensive income	**$**	**$**
Revenue	1,375,176	5,894,384
Profit/(loss) for the period	24,966	(1,494,061)
Other comprehensive income	-	-
Total comprehensive income	24,966	(1,494,061)
Profit/(loss) allocated to non-controlling interests	4,993	(298,811)

	2022	**2021**
Summarised cash flows	**$**	**$**
Cash flows from operating activities	(135,681)	(212,177)
Cash flows from investing activities	-	1,816,780
Cash flows from financing activities	-	(1,338,229)
Effect of movement in exchange rates on cash held	9,822	40,159
Net (decrease)/increase in cash and cash equivalents	(125,859)	306,533

NOTE 19. BUSINESS COMBINATION

(a) Summary of acquisition

Acquisition of Southcloud Holdings Pty Limited

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

The consideration for the shares was $179,237 for net assets of $29,971. An operating loan facility owed by SouthCloud to Netlinkz was written off prior to acquisition.

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

The Group has applied provisional accounting on its measurement of its purchase price allocation permitted under AASB3 Business Combinations due to the proximity of the acquisition to year end.

BUSINESS COMBINATION (continued)

Revenue and profit contribution

Given that the Company was acquired at year end it made no contribution to earnings for the year ended 30 June 2022.

If the acquisition had occurred on 1 July 2021, consolidated Netlinkz Group pro-forma revenue and loss before tax for the year ended 30 June 2022 would have been $16,540,977 and $8,320,684 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary.

The revenue and loss before tax of Southcloud for the year ended 30 June 2022 was $839,547 and $1,343,853 respectively.

There were no acquisitions in the year ended 30 June 2021.

NOTE 20. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated for the year ended	
	30 June 2022	30 June 2021
	$	$
Loss after income tax benefit for the year	(8,405,831)	(23,750,691)
Adjustments for non-cash transactions:		
Depreciation and amortisation	959,752	866,478
Foreign exchange differences	54,744	56,025
Fair value loss/(gain) on debt settlement	1,429,772	(334,504)
Operating expenses paid in shares and options	487,328	2,026,215
Share based payments	1,168,236	2,571,444
Borrowing finance costs	-	9,277,622
Others	100,360	5,730
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(24,414)	(1,372,932)
Increase in trade and other payables	(1,880,520)	439,300
Increase/(decrease) in unearned income	166,039	265,999
Increase in employee benefits	(208,078)	163,793
Net cashflows used in operating activities	(6,152,612)	(9,785,521)

NOTE 21. EARNINGS PER SHARE

	Consolidated for the year ended	
	30 June 2022	30 June 2021
	$	$
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Netlinkz Limited	(8,410,824)	(23,451,880)

	Consolidated for the year ended	
	30 June 2022	30 June 2021
Weighted average number of ordinary shares used in calculating basic diluted earnings/(loss) per share	3,247,828,349	2,362,037,429

	$	$
Basic loss per share	(0.0026)	(0.0099)
Diluted loss per share	(0.0026)	(0.0099)
Number of shares under options or rights	140,500,000	180,820,782

NOTE 22. INTERESTS IN MATERIAL SUBSIDIARIES

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

		Ownership interest	
		30 June 2022	30 June 2021
Name	Principal place of business/ Country of incorporation	%	%
Netlinkz Global Services (Aust & NZ) Pty Limited	Australia	100%	100%
Netlinkz Technology Pty Ltd	Australia	100%	100%
SSI Pacific Pty Ltd	Australia	100%	100%
AoFa Software Engineering (Shanghai) Co. Ltd	China	100%	100%
Netlinkz Japan K.K.	Japan	100%	100%
Netlinkz Technology Hong Kong Limited	Hong Kong	100%	100%
Beijing iLinkAll Science and Technology Co	China	80%	80%
Southcloud Holdings Pty Ltd	Australia	100%	0%
Southcloud Pty Ltd	Australia	100%	0%
Netlinkz (Private) Limited	Pakistan	100%	0%

NOTE 23. 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	
	30 June 2022	30 June 2021
	$	$
Auditors of the Group as at 30 June 2022 - BDO Audit Pty Ltd		
Audit and review of financial statements		
Group	85,500	-
Controlled entities and joint operations	45,402	-
Total audit and review of financial statements	130,902	-
Auditors of the Group as at 30 June 2021 - BDO (WA) Audit Pty Ltd		
Audit and review of financial statements		
Group	45,354	130,037
Controlled entities and joint operations	-	28,834
Total audit and review of financial statements	45,354	158,871
Other services	-	-
Total services provided by BDO	176,256	158,871

NOTE 24. COMMITMENTS

There were no commitments as at 30 June 2022 or 30 June 2021.

NOTE 25. RELATED PARTY TRANSACTIONS

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

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

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

Issuance of shares, options and performance rights

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

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

Parent entity

Netlinkz Limited is the parent entity.

Subsidiaries

Interests in material subsidiaries are set out in Note 22.

Key management personnel

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

Compensation

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

	Consolidated for the year ended	
	30 June 2022	30 June 2021
	$	$
Short-term employee benefits	1,233,056	1,245,452
Post-employment benefits	59,336	66,260
Short-term benefits	17,309	74,903
Share & Option based payments	1,076,054	1,278,646
	2,385,755	2,665,261

Transactions with related parties

A Director of the Company Mr Grant Booker, through his entity Booker Super Services Pty Limited, provided a $10 million debt facility to the Company in May 2022. The facility was undrawn as at 30 June 2022 and an amount of $1.5 million was drawn as at the date of this report.

Other than as outlined above there were no transactions with related parties in the current or prior year, other than those with Directors as outlined in the remuneration report.

Payable to related parties

There are no balances outstanding at the reporting date in relation to transactions with related parties.

NOTE 26. PARENT ENTITY INFORMATION

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

	Parent entity for the year ended	
Statement of profit or loss and other comprehensive income	2022	2021
	$	$
Loss after income tax	6,612,835	23,181,954

	Parent entity for the year ended	
Statement of financial position	2022	2021
	$	$
Total current assets	3,282,613	11,098,160
Total non-current assets	15,296,445	14,205,032
Total assets	18,579,058	25,303,192
Total current liabilities	1,338,598	4,056,994
Total non-current liabilities	-	-
Total liabilities	1,338,598	4,056,994
Equity		
Issued capital	119,746,165	117,665,239
Option reserve	9,933,078	9,933,078
Share-based payment reserve	3,479,641	2,953,470
Accumulated losses	(115,918,424)	(109,305,589)
Total equity	17,240,460	21,246,198

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for plant, property and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

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

NOTE 27. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

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

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

Market risk

Foreign currency risk

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

Price risk

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

Interest rate risk

The consolidated entity's main interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value risk. The consolidated entity's current borrowings outstanding totalling $75,750 are not interest bearing.

Credit risk

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

Trade receivables and contract assets

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

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

As at 30 June 2022, the Group has $1,510,329 in trade receivables, of which none are overdue. An expected credit loss provision of $30,055 has been recognised.

Note 27. Financial risk management (continued)

Credit risk exposure

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

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.
  Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

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

Liquidity risk

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

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

Financing arrangements

As at 30 June 2022, the Company has a Debt Facility of $10million, which had not been drawn down. Subsequent to year end, a $1.5 million drawdown took place, with $8.5 million undrawn at reporting date. In addition the Company has an Equity Funding Facility of $20.5 million which has not been utilised at reporting date.

Remaining contractual maturities

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

Consolidated - 2022	Interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cash flows $
Non-derivatives						
Non-interest bearing						
Trade payables and accruals		942,027	-	-	-	942,027
Interest-bearing - fixed rate						
Borrowings	-%	75,750	-	-	-	75,750
Lease liability	12-17%	59,983	42,896	45,701	-	148,580
Total non-derivatives		1,077,760	42,896	45,701	-	1,166,357

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

Consolidated - 2021	Interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cash flows $
Non-derivatives						
Non-interest bearing						
Trade payables and accruals	-%	2,628,618	-	-	-	2,628,618
Convertible notes payable	-%	-	-	-	-	-
Interest-bearing - fixed rate						
Borrowings	8-20%	1,150,000	-	-	-	1,150,000
Lease liability	5-20%	170,504	32,547	1,123	-	204,174
Related party loans	8%	193,190	-	-	-	193,190
Total non-derivatives		4,142,312	32,547	1,123	-	4,175,982

Fair value of financial instruments

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

Fair value measurement

Fair value hierarchy

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

Recurring fair value measurements at 30 June 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Financial assets at FVPL				
Investment in private company	-	-	100,000	100,000
Total financial assets	**-**	**-**	**100,000**	**100,000**
Financial liabilities				
Other	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**

There are no other assets or liabilities carried at fair value in the accounts as at 30 June 2022.

Recognised fair value measurements

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

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

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

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

NOTE 28. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2022 (30 June 2021: Nil).

NOTE 29. EVENTS SUBSEQUENT TO REPORTING DATE

The Company announced an Equity Funding Facility of $20.5 million on 1 August 2022. There has been no drawdown on this facility at balance date.

The Company signed a Variation Letter to extend the terms of the $10 million debt facility, allowing the full $10 million to be drawn down subsequent to year end. As at the date of this report the facility has been drawn in the amount of $1.5m.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

James Tsiolis
CEO & Executive Director
Sydney NSW

Dated this 30th day of September 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Netlinkz Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Netlinkz Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

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

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of Intangible Assets

Key audit matter	*How the matter was addressed in our audit*
At 30 June 2022, the carrying value of Intangible Assets was $12,142,164 as disclosed in Note 9. The assessment of the carrying value of Intangible Assets requires management to make significant accounting judgements and estimates in producing the valuation models used to determine whether the assets are appropriately carried. An annual impairment test for Intangible Assets is required for indefinite life assets or where there are indicators of impairment under Australian Accounting Standard (AASB) 136 *Impairment of Assets*. Refer to Note 9 for the detailed disclosures, which include the critical accounting judgements and estimates.	Our audit procedures to address the key audit matter included, but were not limited to, the following: • Analysing management's key assumptions used in the discounted cash flow models to determine their reasonableness; • Challenging the appropriateness of management's discount rates used in the discounted cash flow models which included engaging our internal valuation specialists; • Challenging management's assumptions around the timing of future cash flows; • Checking the arithmetic accuracy of the discounted cash flow models; • Performing sensitivity analysis on key assumptions to determine if there would be a significant change to the carrying value of the assets; • Assessing the reasonableness of revenue multiples used to calculate the fair value of cash generating units which included engaging our internal valuation specialists; • Assessing the adequacy of the Group's disclosures in respect of Intangible Assets' carrying values and impairment assessment assumptions as disclosed in note 9 of the financial report; and • Considering any additional impairment indicators as per AASB 136 Impairment of Assets and the effects of such on management's assumptions.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

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

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Netlinkz Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit Pty Ltd

BDO

Gareth Few

Gareth Few
Director

Sydney, 30 September 2022

The shareholder information set out below was applicable as at 19 September 2022.

1. Quotation

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

2. Voting rights

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

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

There are no voting rights attached to any Options or Convertible Notes on issue.

3. Distribution of Shareholders

(a) **Fully Paid Ordinary Shares (ASX: NET)**

Range	Total holders	Units	% Units
1 - 1,000	444	142,710	0.00
1,001 - 5,000	370	1,128,229	0.03
5,001 - 10,000	397	3,212,980	0.10
10,001 - 100,000	2,009	85,132,249	2.60
100,001 Over	1,497	3,184,293,538	97.26
Rounding			**0.01**
Total	**4,717**	**3,273,909,706**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.0170 per unit	29,412	2,082	20,763,724

SHARE OPTIONS

(b) **NET O36 (ASX: NETAV) UNLISTED OPTIONS EXPIRING 24/09/2022 @$0.06**

Range of Units As Of 19/9/2022

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001 Over	1	5,000,000	100.00
Rounding			**0.00**
Total	**1**	**5,000,000**	**100.00**

Holders who hold more than 20% of NETO36 Options are: BJS Robb Pty Ltd

(c) **NET O32 UNLISTED OPTIONS EXPIRING 24/12/2022 @ $0.20**

Range of Units As Of 19/9/2022

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001 Over	2	10,000,000	100.00
Rounding			**0.00**
Total	**2**	**10,000,000**	**100.00**

Holders who hold more than 20% of NETO32 Options are: L1 Capital Global Opportunities Master Fund and Lind Global Macro Fund LP

(d) **NET O38 (ASX: NETAAB) UNLISTED OPTIONS EXPIRING 01/09/2023 @ $0.10**

Range of Units As Of 19/9/2022

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001 Over	1	15,000,000	100.00
Rounding			**0.00**
Total	**1**	**15,000,000**	**100.00**

Directors’ options

(e) **NET O39 (ASX: NETAAC) UNLISTED OPTIONS EXPIRING 01/09/2023 @ $0.15**

Range of Units As Of 19/9/2022

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001 Over	1	15,000,000	100.00
Rounding			**0.00**
Total	**1**	**15,000,000**	**100.00**

Directors’ options

(f) **NET O40 (ASX: NETAAD) UNLISTED OPTIONS EXPIRING 01/09/2023 @ $0.20**

@ $0.12

Range of Units As Of 19/9/2022

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001 Over	1	15,000,000	100.00
Rounding			**0.00**
Total	**1**	**15,000,000**	**100.00**

Directors' options

(g) **NET O41 (ASX: NETAAE) UNLISTED OPTIONS EXPIRING 01/09/2023 @ $0.25**

@ $0.12

Range of Units As Of 19/9/2022

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001 Over	1	15,000,000	100.00
Rounding			**0.00**
Total	**1**	**15,000,000**	**100.00**

Directors' options

(h) **Performance Rights (ASX: NETAAN) on issue: 60,000,000**. The performance rights have been issued to employees of Netlinkz and their vesting is subject to the achieving individual milestones.

4. Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities in the Company as at 19 September 2022

are listed below:

Rank	Name	Units	% Units
1	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	155,754,711	4.76
2	ALPHA FIRST PTY LTD	104,450,001	3.19
3	AKUNA FINANCE PTY LTD	104,137,748	3.18
4	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	102,867,841	3.14
5	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	97,439,024	2.98
6	SUTHERLAND FAMILY COMPANY PTY LTD <THE SWAN A/C>	89,732,335	2.74
7	REEF INVESTMENTS PTY LTD <TD NAIRN SUPER FUND 2A A/C>	88,074,987	2.69
8	THEOFAM NOMINEES PTY LTD <THEOFAM A/C>	77,000,000	2.35
9	MR TREVOR DOUGLAS NAIRN <T D NAIRN FUND ACCOUNT>	57,949,773	1.77
10	SINGARA PTY LTD <GARGETT FAMILY A/C>	52,356,593	1.60
11	GLUG GLUG PTY LTD	51,000,000	1.56
12	CITICORP NOMINEES PTY LIMITED	48,347,680	1.48
13	ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C>	39,950,000	1.22
14	REEF INVESTMENTS PTY LTD <T D NAIRN SUPER FUND A/C>	38,691,560	1.18
15	TRANS-FORMING INVESTMENTS PTY LTD <TRANS-FORMING INVESTMEN A/C>	37,500,000	1.15
16	THE CALABRIAN PTY LTD <CAPPIELLO INVESTMENT A/C>	37,451,032	1.14
17	AGORA ASSET MANAGEMENT PTY LTD	36,477,142	1.11
18	GLUG GLUG PTY LTD	35,000,000	1.07
19	MAINSTREAM FUND SERVICES PTY LTD <SCM ARIE FUND A/C>	34,500,892	1.05
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,970,724	0.88
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**1,317,652,043**	**40.25**
Total Remaining Holders Balance		**1,956,257,663**	**59.75**

5. Substantial shareholders

The names of shareholders who have lodged substantial holder notices with the Company with holdings which represent a substantial holding as at 24 September 2021 are:

Name: AIRE MANAGER PTY LIMITED as trustee for the SCM ABSOLUTE RETURN INVESTMENT EQUITY FUND (AIRE)
Holders of: an aggregate of 190,255,6034 fully paid ordinary shares, representing 5.8%.

Name: Reef Investments Pty Ltd as trustee for T D Nairn Superannuation Fund (2), Reef Investments Pty Ltd as trustee for T D Nairn Superannuation Fund and Trevor Douglas Nairn as trustee for The T D Nairn Trust
Holder of: an aggregate of 193,443,820 fully paid ordinary shares, representing 5.9%.

6. Restricted Securities

Nil

7. On market buy-back

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