# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 10-K

☒ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
**EXCHANGE ACT OF 1934**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2026**

or

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
**SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-22773

NETSOL
NASDAQ:NTWK

# NETSOL TECHNOLOGIES, INC.
(Exact Name of Registrant specified in its charter)

| | |
|---|---|
| **NEVADA** | **95-4627685** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |

16000 Ventura Blvd., Suite 770,
Encino, CA 91436
(Address of principal executive offices) (Zip code)

(818) 222-9195
(Issuer's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of exchange on which registered |
|---|---|---|
| Common Stock, $0.01 par value per share | NTWK | Nasdaq |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):

| | |
|---|---|
| Large Accelerated Filer ☐ | Accelerated Filer ☐ |
| Non-accelerated Filer ☒ | Smaller reporting company ☒ |
| | Emerging growth company ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the Common Stock held by non-affiliates of the registrant was approximately $30,375,074 based upon the closing price of the stock as reported on Nasdaq Capital Market ($3.03 per share) on December 31, 2025, the last business day of the registrant's second quarter. As of September 21, 2026, there were 12,891,599 shares issued and 11,952,568 outstanding of its $.01 par value Common Stock and no Preferred Stock was outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

(None)

**ANNUAL REPORT**
**PURSUANT TO SECTION 13 OR 15(d) OF THE**
**SECURITIES ACT OF 1934**

**TABLE OF CONTENTS AND CROSS REFERENCE SHEET**

## NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 relating to the development of the Company's products and services and future operation results, including statements regarding the Company that are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. The words "believe," "expect," "anticipate," "intend," variations of such words, and similar expressions, identify forward-looking statements, but their absence does not mean that the statement is not forward-looking. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Factors that could affect the Company's actual results include the progress and costs of the development of products and services and the timing of the market acceptance. Forward-looking statements may appear throughout this report, including without limitation, the following sections: Item 1 "Business," and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations." We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

As used herein, "NetSol," "the Company", "we", "our," and similar terms include NetSol Technologies, Inc. and its subsidiaries, unless the context indicates otherwise.

## PART 1

## ITEM 1 - BUSINESS

### GENERAL OVERVIEW

NetSol Technologies, Inc. ("NetSol" or the "Company") is a global provider of AI-enabled solutions and services powering OEMs, dealerships and financial institutions to sell, finance and lease assets.

The Company is headquartered in Encino, California and operates through three reportable geographic segments: North America, Europe and Asia-Pacific, serving customers in more than 30 countries. NetSol generates revenues primarily through software licensing, subscription fees, implementation services and ongoing maintenance and support. The Company's solutions and services are marketed under the Transcend™ Platform brand.

**Corporate history**

NetSol was incorporated in 1997 and listed on the Nasdaq Stock Market in 1999, where it continues to trade under the ticker symbol NTWK. While the Company's incorporation dates to 1997, its asset finance and leasing domain expertise extends more than 40 years through acquired operations.

The Company has grown both organically and through strategic acquisitions. In 2005, NetSol acquired CQ Systems Ltd., a UK-based provider of asset-based financial solutions, which established the Company's presence in the UK asset finance market. In 2006, the Company acquired McCue Systems, Inc., a California-based provider of lease and loan portfolio management software with more than 30 years of industry experience, strengthening NetSol's North American operations. In 2011, the Company jointly acquired Virtual Lease Services Ltd. ("VLS") with Investec Asset Finance Plc, expanding its end-to-end service capabilities for the asset finance market.

Over subsequent years, NetSol transitioned from its legacy product suite to its current unified Transcend™ Platform: a cloud-deployed, AI-enabled, API-first ecosystem that today serves as the foundation for all of the Company's current generation product and service offerings.

**Industry and market**

The Company serves two complementary markets: the global asset finance and leasing industry, and digital retail for vehicle sales, where the Company's current focus is the United States.

The global finance and leasing market represented approximately $1.5 trillion in new business volume in 2024 according to the World Leasing Yearbook 2026, having grown approximately 63% over the prior decade. The market is characterized by long-term customer relationships, significant regulatory complexity and demand for specialized technology capable of supporting multi-entity, multi-currency and multi-jurisdiction operations. Growth drivers include the expansion of electric vehicle financing, the migration of asset finance from ownership to subscription and mobility-as-a-service models, and increasing demand for embedded finance across dealer, direct-to-consumer and third-party channels. The Company's Transcend™ Finance platform serves this market globally, with customers across more than 30 countries.

The digital retail market reflects the ongoing shift in how consumers purchase vehicles, spanning both online and in-store transaction environments. According to the National Automobile Dealers Association (NADA), U.S. new light-vehicle sales totaled 16.2 million units in 2025, an increase of 2.4% year over year. According to Cox Automotive's 2025 Digitization of Car Buying Study, 65% of car buyers now perform some or all of the purchase process online, while most transactions continue to be completed in the dealership, driving demand for technology that connects the two environments. The Company's Transcend™ Retail platform serves this market with a current commercial focus on the United States, where its customers include automotive OEM programs, franchised dealer groups and recreational vehicle retailers.

**Business and growth strategy**

NetSol's strategy centers on the continued transformation of its business model. Historically, the Company generated the majority of its revenues from software implementation and related services. Through the development of the Transcend™ Platform and the transition of its commercial model toward cloud-deployed, subscription-based arrangements, the Company is building a growing base of recurring revenue. Recurring subscription and support revenues have grown consistently across recent fiscal periods, and the Company expects this mix shift to continue as new customers adopt subscription arrangements and existing customers migrate to the Transcend™ Platform. The Company believes this transition supports greater revenue durability and visibility, improved margins over time, and a business profile increasingly consistent with enterprise software platform companies.

Against that backdrop, the Company's strategy is organized around the following priorities:

**Support global OEM expansion.** A growing number of OEMs, particularly Chinese OEMs and their captive finance operations, are expanding into new international markets. The Company provides the finance and leasing technology these customers require to launch and scale operations in new jurisdictions and has supported market entries across Asia-Pacific and other regions. The Company believes its multi-country delivery experience and configurable, multi-jurisdiction platform position it well to serve this expansion cycle.

**Extend leadership in originations and wholesale finance.** The Company continues to invest in its originations and wholesale finance capabilities, where it believes its platform compares favorably to legacy competitor systems. As financial institutions and captives replace aging technology, the Company is positioned to compete for displacement opportunities across its global markets.

**Migrate the installed base to Transcend™ and grow recurring revenue.** The Company is transitioning customers from its legacy product suite onto the Transcend™ Platform. These migrations modernize the customer's technology foundation, deepen multi-product relationships, and convert legacy arrangements to recurring subscription-based commercial models.

**Embed artificial intelligence across products and operations.** The Company is integrating AI capabilities into its platform, including AI-enabled credit decisioning within Transcend™ Finance, to improve customer outcomes in financing and retail operations. Internally, the Company is applying AI to its own development, delivery, and go-to-market processes to improve productivity and operating margins.

**Scale Transcend™ Retail across the U.S. dealer market.** The Company is pursuing digital retail growth through three coordinated channels: direct engagement with dealer groups, where a single commercial relationship can enable deployment across a large number of rooftops; OEM certification programs, which streamline the Company's ability to sell to franchised dealerships within certified brand networks; and OEM-level programs, in which the Company's platform is deployed across an OEM's dealer network. The Company also intends to extend Transcend™ Retail into adjacent dealer-based vehicle categories, including recreational vehicles, powersports and marine.

**Expand through partnerships.** The Company uses strategic partnerships with regional advisory and technology firms to extend its market reach, add local market knowledge, and accelerate customer acquisition in markets where it does not maintain a large direct sales presence, particularly in Europe. The Company expects partner-led channels to remain a meaningful component of its go-to-market strategy.

**Strengthen operating discipline.** The Company is focused on improving margins through disciplined budgeting, pricing and deal governance, and incentive structures aligned with profitable growth.

**Strategic Transactions.** In addition to organic initiatives, the Company may from time to time evaluate selective acquisitions and other strategic opportunities that complement its platform capabilities or accelerate its market position.

**Operations and geographic presence**

The Company maintains offices in the following locations:

- North America: Encino, California and Austin, Texas
- Europe: London Metropolitan Area, Horsham and Flintshire
- Asia-Pacific: Sydney, Bangkok, Beijing, Shanghai, Tianjin, Jakarta, Dubai, Lahore and Karachi

Through a combination of organic growth and acquisitions, the Company’s operating history extends more than 40 years in North America, more than 30 years in Europe and more than 25 years in Asia-Pacific.

The Company employs a global delivery model that combines onsite and offshore resources, designed to support customers across multiple geographies, currencies, languages and regulatory environments.

**Products and services**

NetSol delivers its solutions through the Transcend™ Platform, a unified, API-first technology platform for the asset finance, leasing and automotive retail markets. The platform is designed for deployment in the cloud or in customer-managed environments, to integrate with existing customer and third-party systems through open APIs and to operate under the regulatory, audit and data-residency requirements applicable to financial institutions. Artificial intelligence is embedded within the platform and is applied in capabilities such as credit decisioning, document processing, portfolio analytics, collection intelligence and lifecycle servicing. The platform also enables customers to develop and deploy these agents that operate on their own data within their own environments, subject to the same access, audit and data-residency controls that apply across the platform.

The Company’s principal offerings are as follows:

**Transcend™ Retail**

Transcend™ Retail is a digital retail platform for vehicle sales. It gives the buyer a single continuous purchase experience, from configuring a vehicle and valuing a trade-in to reviewing transparent payment and finance options and completing the transaction, whether that takes place online, in the showroom or across both. The buyer and the dealership work on the same deal in parallel rather than in separate systems, and either side can pick up where the other left off. The platform is configured to the brand standards of the manufacturer or dealer group and provides visibility and administrative control across the retail network. It is used by automotive manufacturers and dealer groups.

**Transcend™ Finance**

Transcend™ Finance is the Company’s platform for lenders and lessors. It comprises three core solutions: Originations, Servicing and Wholesale Finance. Together these span the finance and leasing lifecycle from application through end of contract, and support auto, equipment, fleet and receivables portfolios across both retail and commercial products. The platform operates multiple legal entities, currencies and jurisdictions on a single system, and is configured to each customer’s products, pricing and credit policy rather than custom-built. Partner-facing portals extend origination and servicing to the intermediaries in a customer’s distribution network.

**Revenue model**

The Company generates revenues through the following primary streams:

- *Subscription and support* - recurring fees for an access license to and use of the Company's technology solutions under its Transcend™ Platform through cloud-based subscription arrangements, along with ongoing fees for maintenance, updates and technical support provided to customers post-deployment
- *License fees* - non-recurring fees for perpetual license agreements granting customers the right to use the Company's technology solutions on-premise
- *Services* - fees for implementation, configuration, customization, training and other services provided in connection with the deployment of the Company's solutions

The Company is transitioning its commercial model toward a higher proportion of recurring subscription-based arrangements, as described under "Business and growth strategy." The mix of recurring and non-recurring revenues may vary from period to period depending on the nature and timing of new customer engagements, contract renewals and the recognition of license fees.

**Sales, marketing and customer concentration**

The Company's customers include multinational automotive OEMs, auto and equipment captive finance companies, dealer groups, dealerships, commercial banks, brokers and financial institutions. NetSol serves a diverse customer base across more than 30 countries. However, a limited number of large customers have historically accounted for a significant portion of the Company's revenues. The loss of one or more of these customers, or a material reduction in the scope of their engagement with the Company, could have a material adverse effect on the Company's revenues and operating results. The Company monitors customer concentration as part of its ongoing risk management processes.

**Competition**

The market for asset finance and leasing software is competitive and fragmented across regions. The Company's principal competitors include specialized asset finance software providers such as Alfa Financial Software, Sofico, Solifi and Odessa; large enterprise software and financial technology vendors, including FIS, that offer asset finance capabilities within broader product portfolios; regional providers in individual markets; and in certain cases, in-house systems developed and maintained by financial institutions and captive finance companies. The principal competitive factors in this market include depth of domain expertise, breadth and functionality of product offerings, the ability to support multi-entity, multi-currency and multi-jurisdiction operations, implementation capability and track record, total cost of ownership and quality of ongoing support.

The market for digital retail technology is also competitive. The Company competes with dedicated digital retailing providers such as AutoFi and CarNow; dealer management system and automotive retail technology vendors, including Cox Automotive, CDK Global and Tekion, that offer digital retail capabilities within broader product portfolios; and, in certain cases, proprietary solutions developed by OEMs and large dealer groups. The principal competitive factors in this market include omnichannel capability, integration with existing dealer management and financing systems, speed of deployment and the ability to support a seamless customer journey across online and in-store retail environments.

The Company believes it competes favorably on the basis of its more than four decades of asset finance domain expertise, its operating and delivery presence across more than 30 countries, its long-tenured relationships with tier-one automotive OEMs and captive finance companies, and the unified, API-first architecture of its Transcend™ Platform, which supports both financing and retail operations on a common foundation. Some of the Company's competitors have greater financial resources, larger sales organizations or broader name recognition, which may affect the Company's ability to compete in certain markets or segments.

**Intellectual property**

NetSol's offerings, including the Transcend™ Platform and its component solutions and services, are proprietary. The Company relies on a combination of copyright, trademark and trade secret protections, as well as contractual arrangements, to protect its intellectual property rights. The Transcend™ brand and related marks are registered trademarks of NetSol.

The Company enters into license agreements with customers that restrict the use, reproduction and distribution of its technology solutions. Employees, contractors and business partners with access to proprietary technology and confidential information are required to enter into confidentiality and non-disclosure agreements.

The Company does not believe its business is materially dependent on any single patent, trademark, license or other intellectual property right.

**Human capital resources**

As of June 30, 2026, the Company employed approximately 1,370 full-time employees globally. The workforce is distributed across its three operating segments, with the majority of its technical and development personnel located in its Asia-Pacific operations. Sales, client management and senior leadership functions are concentrated in North America and Europe.

NetSol considers the attraction, development and retention of skilled technology and domain professionals to be a key operational priority. The Company invests in employee training and professional development programs and seeks to maintain competitive compensation structures across its operating regions.

**Regulatory environment**

NetSol's operations and its customers' use of its products and services are subject to a range of regulatory requirements across the jurisdictions in which they operate.

**Data privacy and protection**

The Company and its customers are subject to data privacy and protection regulations, including the General Data Protection Regulation (GDPR) in the European Union and United Kingdom, the California Consumer Privacy Act (CCPA), and equivalent frameworks in other jurisdictions in which the Company or its customers operate.

**Financial services regulations**

The Company's customers are subject to a range of financial services regulatory obligations, including consumer finance disclosure requirements, anti-money laundering (AML) and know-your-customer (KYC) requirements, Basel III capital and liquidity standards applicable to banking customers, the Payment Services Directive 2 (PSD2) in the European Union, and the Digital Operational Resilience Act (DORA) governing operational resilience for financial institutions in the European Union.

**Information security and cybersecurity; Artificial Intelligence**

The Company's products and operations are subject to applicable cybersecurity frameworks across its key markets. The Company holds ISO 27001, ISO 22301 and ISO 20000 certifications, and has completed SOC 2 Type 2 examinations under the Trust Services Criteria established by the American Institute of Certified Public Accountants, and applies these standards across its operations.

The Company's solutions are designed to support customers in meeting their regulatory compliance obligations in the markets in which they operate. The Company monitors regulatory developments across its key markets and incorporates relevant compliance requirements into its product development and operational processes. Changes in applicable laws and regulations may require the Company to modify its products or operations, which could result in additional costs or otherwise affect the Company's business.

The Company has an internal use of Artificial Intelligence (AI) Platforms and Protection of Customer and Company Confidential Information standards for the responsible use of AI to safeguard customer data, information and proprietary information.

**Available information**

The Company files annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other information with the U.S. Securities and Exchange Commission (SEC). These filings are available free of charge on the Company's investor relations website at ir.netsoltech.com and on the SEC's website at www.sec.gov. The Company's principal executive offices are located at 16000 Ventura Boulevard, Suite 770, Encino, California 91436, and the Company's main telephone number is +1 (818) 222-9195.

Information contained on or accessible through the Company's website is not incorporated by reference into this Annual Report on Form 10-K.

**ITEM 1A - RISK FACTORS**

***Pakistan***

The political and economic environment in Pakistan may negatively affect our business.

According to Pakistan Network, April 23, 2026, and as identified by the BTI Transformation Index, Pakistan Country Report 2026 the current government has focused on economic stabilization, infrastructure development, and maintaining relationships with key international partners. However, internal pressures within the coalition remain a constant challenge. The Pakistani economy has shown cautious signs of recovery. Key economic indicators include gradual stabilization of the Pakistani Rupee, improved foreign exchange reserves, and a modest uptick in industrial production. However, unemployment remains a pressing concern, particularly among the youth population. The political unsteadiness delays governmental functions. If such unsteadiness continues in the long term, it could result in difficulty in necessary interactions with the government as it relates to government contracts and personnel access to necessary government functions. While there is no guarantee, we anticipate that the new government policies may continue to lead to macroeconomic stability.

While the devaluation of the Pakistan Rupee in comparison to the US Dollar has stabilized, the higher-than-average inflation rate in Pakistan may continue to negatively impact our largest subsidiary and accordingly the Company's financials as a whole.

***General Economic Conditions***

General economic conditions in our geographic markets; inflation, geopolitical tensions, including trade wars, tariffs and/or sanctions in geographic areas; and global conflicts or disasters that impact the global economy or one or more sectors of the global economy have negative impacts on our ability to acquire new business to and deliver on new business when contracted.

Inflation and higher interest rates globally have greatly increased the cost of doing business, including salaries and benefits worldwide, affecting our profitability. If inflation does not stabilize, our profitability and ability of our customers to spend on new and/or upgraded projects can be impacted.

**ITEM 1B – UNRESOLVED STAFF COMMENTS**

None

**ITEM 1C – CYBERSECURITY**

**Cybersecurity Risk Management and Strategy**

We face various cyber risks, including, but not limited to, risks related to unauthorized access, misuse, customer data theft, computer viruses, system disruptions, ransomware, malicious software and other intrusions. We utilize a multilayered, proactive approach to identify, evaluate, mitigate and prevent potential cyber and information security threats through our cybersecurity risk management program 24/7. Our cybersecurity risk management program is designed to identify, assess, prioritize and mitigate risks across the organization to enhance our resilience and support the achievement of our strategic objectives. This integrated approach helps ensure that cyber risks are not viewed in isolation, but are assessed, prioritized and managed in alignment with the Company's operational, financial and strategic risks, assisting the Company in more effectively managing interdependencies among risks and enhancing risk mitigation strategies.

We devote resources to protecting the security of our computer systems, software, networks and other technology assets. Our efforts are designed to adapt to the evolution of information security risks and appropriate best practices and include physical, administrative and technical safeguards. Our cybersecurity risk management program is designed to help coordinate the Company's identification of response to and recovery from cybersecurity incidents across all consolidated entities. This includes rapid identification, assessment, investigation and remediation of incidents, as well as complying with applicable legal obligations, communicated promptly and effectively.

Our internal audit team assesses regularly the effectiveness of our internal controls relating to cybersecurity and updates as necessary. Our management team also engages, at times when needed, certain outside advisors and consultants to assist in the identification, oversight, evaluation and management of cybersecurity risks, as well as to advise on specific topics. As part of our overall risk mitigation strategy, the Company also maintains cyber insurance coverage; however, such insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cyberattacks and other related breaches.

We have various processes and procedures in place to evaluate cybersecurity threats associated with third parties. We have not identified any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, performance, results of our operations, or financial condition.

**Cybersecurity Governance and Oversight**

The Company's cybersecurity risk management program is supervised by our Senior Manager of Information Security (SMIS), who reports directly to the Company's Chief Operating Officer ("COO") in Pakistan. The SMIS and team are responsible for leading enterprise-wide cybersecurity strategy, policy, standards, architecture and processes. Our current SMIS received his bachelor's in computer sciences and has over 20 years of cybersecurity experience, including relevant prior senior leadership experience at our Company. Furthermore, he has also achieved globally recognized information security certifications, including CISSP (Certified Information Systems Security Professional), CISA (Certified Information Systems Auditor), CISM (Certified Information Security Manager), CRISC (Certified in Risk and Information Systems Control), CompTIA Security+, ISO 27001 Lead Auditor, CEH (Certified Ethical Hacker), CHFI (Computer Hacking Forensic Investigator), among others.

The SMIS attends and is invited to all Company Cybersecurity Committee meetings, a cross-functional management committee that drives awareness, ownership and alignment across broad governance for effective cybersecurity risk management. The Cybersecurity Committee is composed of senior leaders from our legal, information technology, cybersecurity, and audit sections. Subject matter experts are also invited, as appropriate. The Cybersecurity Committee meets at least quarterly and has responsibility for oversight and validation of the Company's cybersecurity strategic direction, risks and threats, priorities, and resource allocation. The SMIS and his team, as well as the Cybersecurity Committee, are informed about and monitor the prevention, detection, mitigation and remediation of cybersecurity incidents in accordance with the Company's cyber incident response plan.

The Board of Directors receives regular reports from the SMIS and Cybersecurity Committee on, among other things, the Company's cyber risks and threats, the status of projects to strengthen the Company's information security systems, assessments of the Company's security program, insurance, and the emerging threat landscape. In accordance with our cyber incident response plan, the Cybersecurity Committee is promptly informed by SMIS's team of cybersecurity incidents that could adversely affect the Company or its information systems and is also regularly updated about incidents with less impact potential. The Board of Directors and Audit Committee are informed of any incidents that could adversely affect the Company by the Cybersecurity Committee and SMIS's team.

In an effort to detect and defend against cyber threats, the Company annually and, periodically as needed, provides its employees with various cybersecurity and data protection training programs. These programs cover timely and relevant topics, including social engineering, phishing, password protection, confidential data protection, asset use and mobile security, and educate employees on the importance of reporting all incidents promptly to the Company's centrally managed cyber defense and security operations.

**ITEM 2 - PROPERTIES**

Our corporate headquarters are located in Encino, California, where we lease approximately 2,400 square feet of office space. We own our Lahore Technology Campus, which consists of approximately 140,000 square feet of computer and general office space. This includes two adjacent five-story buildings having a covered area of approximately 90,000 square feet with the capacity to house approximately 1,000 employees. In addition, we maintain leased office spaces in the UK, China, Australia, Thailand, UAE, and a shared office in Indonesia. Our NTA office is located in Austin, Texas. We believe our existing facilities, both owned and leased, are in good condition and suitable for the conduct of our business.

**ITEM 3 - LEGAL PROCEEDINGS**

None

**ITEM 4 – MINE SAFETY DISCLOSURES**

Not applicable.

**PART II**

**ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITY**

(a) MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION - Common stock of NetSol Technologies, Inc. is listed and traded on Nasdaq Capital Market under the ticker symbol "NTWK".

The table shows the high and low intra-day prices of the Company's common stock as reported on the composite tape of the Nasdaq for each quarter during the last two fiscal years.

| Fiscal Year 2026 | High | Low |
|---|---|---|
| First Quarter | $ 5.22 | $ 3.16 |
| Second Quarter | $ 4.99 | $ 2.80 |
| Third Quarter | $ 3.89 | $ 2.90 |
| Fourth Quarter | $ 4.77 | $ 3.36 |

| Fiscal Year 2025 | High | Low |
|---|---|---|
| First Quarter | $ 3.10 | $ 2.54 |
| Second Quarter | $ 3.34 | $ 2.48 |
| Third Quarter | $ 2.78 | $ 2.31 |
| Fourth Quarter | $ 3.18 | $ 2.14 |

RECORD HOLDERS - As of September 21, 2026, the number of holders of record of the Company's common stock was 120.

DIVIDENDS - The Company has not paid dividends on its Common Stock in the past two fiscal years.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The table shows information related to our equity compensation plans as of June 30, 2026:

| | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) |
|---|---|---|---|
| Equity Compensation Plans approved by Security holders | 50,000 | $ 2.94 | 789,358(1) |
| Equity Compensation Plans not approved by Security holders | None | None | None |
| Total | 50,000 | $ 2.94 | 789,358 |

(1) Represents 789,358 available for issuance under the 2025 Equity Incentive Plan.

(b) RECENT SALES OF UNREGISTERED SECURITIES

None.

(c) ISSUER PURCHASES OF EQUITY SECURITIES

None

**ITEM 6 – [Reserved]**

## ITEM 7- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to assist in understanding our financial position and results of operations for the year ended June 30, 2026. It should be read together with our consolidated financial statements and related notes included under Item 8 of this Annual Report on Form 10-K.

Listed below are a few of NetSol's highlights for the Year ended June 30, 2026:

- We entered into a four-year contract extension valued at approximately $50 million with a long-standing customer and strategic partner. The extension reinforces recurring revenue through ongoing maintenance and licensing fees and expands the customer's continued use of the Transcend™ Finance platform across multiple countries.

- We executed an agreement with the captive finance arm of a leading Japanese commercial vehicle manufacturer in Thailand to migrate its contract management system from the legacy R1 platform to the next-generation Transcend Finance platform. The agreement carries a total contract value exceeding $12 million and underscores the client's commitment to modernizing its core finance technology while strengthening our long-standing partnership.

- We generated approximately $6.6 million in revenue through major system enhancements and platform modifications for multiple clients across diverse global regions.

- We entered into a strategic agreement with an existing client to not only have the annual maintenance fee revised upwards but also to upgrade our legacy R1 platform, a project expected to generate approximately $1.5 million in revenue.

- We were selected by a Fortune 500 automotive and powersports dealership group in North America to lead a discovery engagement with them focused on defining the roadmap for their next-gen omnichannel digital retail platform to be powered by our Transcend Retail system.

- We launched an AI-powered credit decisioning engine within the Transcend™ Finance platform. The solution automates manual credit workflows, accelerates decision-making, and enhances underwriting accuracy through improved data aggregation, document processing, and financial analysis.

- We signed a contract valued at approximately $1.75 million with a provincial government entity in Pakistan, funded by the World Bank, to support the digitization of government workflows. The project focuses on process automation and cross-departmental system integration to improve operational efficiency and public service delivery.

- We successfully completed several significant customer go-lives across key international markets, including deployments of our Transcend™ Finance and Transcend™ Wholesale platforms for captive and multi-asset finance companies in China, Thailand and the United Kingdom. These implementations support a range of retail and wholesale finance operations, including credit workflows, loan origination and servicing, inventory management, dealer credit processes and digital dealer self-service.

- A leading German automotive manufacturer in North America successfully completed a dealer portal pilot, enabling enhanced dealer self-service, real-time financing workflows, and improved digital engagement. The pilot represents a milestone toward broader rollout.

- Our subsidiary, NetSol Institute of Artificial Intelligence, entered into a strategic partnership with Pakistan's national vocational and technical training authority to train approximately 1,600 individuals in artificial intelligence, data science, and cybersecurity. The initiative is expected to generate over $1 million in revenue.

- We entered into a multi-million-dollar extension agreement with an existing customer to provide continued support for our legacy product platform.

- We entered into a strategic partnership with a Stockholm-based fintech advisory and IT services firm to accelerate our expansion across the Nordics. By combining our Transcend Finance platform and decades of asset finance expertise with the partner's deep local market knowledge and transformation consulting capabilities, the partnership will help banks, finance companies, and specialist lenders modernize their core technology platforms.

- Three U.S. automotive dealerships successfully went live with the Transcend Retail platform, including a multi-brand dealer group, a digital-first luxury and exotic vehicle dealership, and a recreational vehicle dealer. The deployments enable a connected and transparent digital retail experience spanning the entire customer journey from initial engagement through credit application and deal completion while further expanding Transcend Retail's footprint across the U.S. automotive retail market.

- We successfully upgraded one of our long-standing captive finance clients in Thailand, serving the Asia-Pacific automotive sector for more than two decades, to the latest version of its Wholesale Finance System, a core module of the Transcend Finance platform. The implementation transitioned the client to an AI-enabled, API-first architecture featuring a modular and scalable framework that integrates OEMs, dealers, brokers, credit bureaus, and ERP systems into a unified data ecosystem.

**Marketing and Business Development Activities**

We continue to pursue a series of strategic marketing and business development initiatives to strengthen market presence and support growth across our business lines. These efforts reflect our commitment to building a stronger market presence, expanding our customer base and maintaining a careful focus on profitability. These efforts include: repositioning our brand and messaging; brand strengthening and awareness; raising industry expertise through speaking engagements and participation in awards and recognitions; accelerating digital campaigns focused on content marketing; leveraging analytics and marketing automation tools to improve campaign effectiveness and optimize marketing return on investment; creating comprehensive go-to-market plans for new launches and feature upgrades; customer centric sales enablement; targeting new global and product markets; using AI to enhance productivity; expanding market reach through participation in industry associations; and, adopting practices that strengthen leadership and talent retention.

**Industry trends affecting our business**

Management believes the following trends and uncertainties may have a material, favorable or unfavorable impact on the Company's business.

**Interest rate environment and credit conditions**

Interest rate levels and broader monetary policy conditions continue to influence borrowing costs, credit availability and financing activity across consumer and commercial lending markets, including automotive finance. Sustained elevated rates may temper near-term financing volumes among customers, while creating demand for technology investments that support operational efficiency and risk management. (*Board of Governors of the Federal Reserve System, Monetary Policy Report, July 2026.)*

**Electrification of the automotive industry**

The automotive industry continues its transition toward electrified vehicles, supported by regulatory developments and long-term manufacturer strategies. Chinese automotive manufacturers have become significant participants in the electric vehicle segment, with EVs now accounting for nearly 55% of new vehicle sales in China and Chinese EV exports reaching record levels, intensifying competition across the global automotive landscape. The Company's established presence and customer base in China may support participation in this growth, while shifts in market share among traditional automotive OEMs could affect technology investment patterns across the Company's broader customer base. (*International Energy Agency (IEA), 'Global EV Outlook 2026'.*)

**Digital and omnichannel automotive retail**

OEMs and dealers continue to adopt digital tools and omnichannel retail approaches, integrating online and physical channels across vehicle research, configuration and transaction processes. Continued investment in digital retail capabilities by automotive OEMs and dealerships may support demand for the Company’s Transcend Retail platform, although adoption pace and implementation timing vary across customers and regions. (*McKinsey & Company, ‘Auto retail productivity in the digital era’, January 2025.)*

**Digital transformation in financial services**

Financial institutions and captive finance companies continue to invest in digital transformation initiatives, including cloud adoption, data infrastructure modernization and automation of operational processes. Continued investment in these areas may support demand for the Company’s Transcend Finance platform. The pace and scale of customer transformation initiatives vary based on internal priorities, budget cycles and the complexity of replacing or integrating with existing core systems. (*PwC, ‘What will be left of financial services tomorrow?’, PwC FS Survey, July 2025.*)

**Global regulatory and compliance environment**

Financial institutions continue to operate within an evolving global regulatory environment, including banking supervision and capital adequacy frameworks, which may influence compliance requirements and operational processes. The Company’s platform supports risk management, audit and compliance reporting workflows that may help customers address evolving requirements. At the same time, regulatory uncertainty and compliance-related investment may extend customer decision-making timelines or shift technology priorities toward maintenance and remediation initiatives. (*Bank for International Settlements, ‘Basel Committee on Banking Supervision, Basel III Monitoring Report’, March 2026.*)

**Geopolitical and trade policy developments**

Ongoing geopolitical developments, including the conflict in the Middle East and its impact on global energy markets, alongside evolving trade policy between major economies, may influence cross-border technology deployment, currency dynamics and client investment decisions in markets where the Company operates, including China. The Company’s platform architecture, designed to operate across multiple jurisdictions and regulatory environments, may help mitigate some of this exposure, though continued volatility could affect the pace of customer technology investment decisions in affected regions. (*International Monetary Fund, ‘World Economic Outlook Update’, July 2026.*)

**CRITICAL ACCOUNTING POLICIES**

Our financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management’s application of accounting policies. Critical accounting policies for us include revenue recognition and multiple element arrangements, stock-based compensation, and goodwill.

**REVENUE RECOGNITION**

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company records the amount of revenue and related costs by considering whether the entity is a principal (gross presentation) or an agent (net presentation) by evaluating the nature of its promise to the customer. Revenue is presented net of sales, value-added and other taxes collected from customers and remitted to government authorities.

The Company has two primary revenue streams: core revenue and non-core revenue.

**Core Revenue**

The Company generates its core revenue from the following sources: (1) software licenses; (2) services, which include implementation and consulting services; and (3) subscription and support, which includes post contract support, of its enterprise software solutions for the lease and finance industry. The Company offers its software using the same underlying technology via a traditional on-premises licensing model and a subscription model. The on-premises model involves the sale or license of software on a perpetual basis to customers who take possession of the software and install and maintain the software on their own hardware. Under the subscription delivery model, the Company provides access to its software on a hosted basis as a service and customers generally do not have the contractual right to take possession of the software.

**Non-Core Revenue**

The Company generates its non-core revenue by providing business process outsourcing ("BPO"), other IT services and internet services.

**Performance Obligations**

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under Topic 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied by transferring the promised good or service to the customer. The Company identifies and tracks the performance obligations at contract inception so that the Company can monitor and account for the performance obligations over the life of the contract.

The Company's contracts which contain multiple performance obligations generally consist of the initial purchase of subscriptions or licenses and a professional services engagement. License purchases generally have multiple performance obligations as customers purchase post-contract support and services in addition to the licenses. The Company's single performance obligation arrangements are typically post-contract support renewals, subscription renewals and services engagements.

For contracts with multiple performance obligations where the contracted price differs from the standalone selling price ("SSP") for any distinct good or service, the Company may be required to allocate the contract's transaction price to each performance obligation using its best estimate for the SSP.

*Subscription*

Subscription revenue is recognized ratably over the initial subscription period committed by the customer commencing when the product is made available to the customer. The initial subscription period is typically 12 to 60 months. The Company generally invoices its customers in advance in quarterly or annual installments and typical payment terms provide that customers make payment within 30 days of invoice.

*Software Licenses*

Transfer of control for software is considered to have occurred upon delivery of the product to the customer. The Company's typical payment terms tend to vary by region, but its standard payment terms are within 30 days of invoice.

*Post Contract Support*

Revenue from support services and product updates, referred to as subscription and support revenue, is recognized ratably over the term of the maintenance period, which in most instances is one year. Software license updates provide customers with rights to unspecified software product updates, maintenance releases and patches released during the term of the support period on a when-and-if available basis. The Company's customers purchase both product support and license updates when they acquire new software licenses. In addition, a majority of customers renew their support services contracts annually and typical payment terms provide that customers make payment within 30 days of invoice.

*Professional Services*

Revenue from professional services is typically comprised of implementation, development, data migration, training or other consulting services. Consulting services are generally sold on a time-and-materials or fixed fee basis and can include services ranging from software installation to data conversion and building non-complex interfaces to allow the software to operate in integrated environments. The Company recognizes revenue for time-and-materials arrangements as the services are performed. For fixed-fee implementation and customization services that are satisfied over time, revenue is recognized using an input method based on person-days incurred relative to total estimated person-days required to complete the services. Management applies judgment when estimating project status and the costs necessary to complete the services projects. A number of internal and external factors can affect these estimates, including labor rates, utilization and efficiency variances and specification and testing requirement changes. Services are generally invoiced upon milestones in the contract or upon consumption of the hourly resources and payments are typically due 30 days after invoice.

*BPO and Internet Services*

Revenue from BPO services is recognized based on the stage of completion which is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours for each contract. Internet services are invoiced either monthly, quarterly or half yearly in advance to the customers and revenue is recognized ratably over time on a monthly basis.

**Significant Judgments**

Due to the complexity of certain contracts, the revenue recognition treatment under Topic 606 for the Company's arrangements may depend on contract-specific terms and may vary in some instances.

Judgment is required to determine the SSP for each distinct performance obligation. The Company rarely licenses or sells products on a standalone basis, so the Company is required to estimate the range of SSPs for each performance obligation. In instances where SSP is not directly observable because the Company does not sell the license, product or service separately, the Company determines the SSP using information that may include market conditions and other observable inputs. In making these judgments, the Company analyzes various factors, including its pricing methodology and consistency, size of the arrangement, length of term, customer demographics and overall market and economic conditions. Based on these results, the estimated SSP is set for each distinct product or service delivered to customers.

The most significant judgments and estimates involved in the Company's revenue recognition policies are: (1) determining standalone selling prices of the Company's software licenses, and (2) measuring progress toward satisfaction of performance obligations for implementation, customization, and other services.

The standalone selling price of the licenses is measured primarily through an analysis of pricing that management evaluates when quoting prices to customers. Although the Company has no history of selling its software separately from post-contract support and other services, the Company does have historical experience with amending contracts with customers to provide additional modules of its software or providing those modules at an optional price. This information guides the Company in assessing the standalone selling price of the Company's software, since the Company can observe instances where a customer had a particular component of the Company's software that was essentially priced separately from other goods and services that the Company delivered to that customer.

The Company recognizes revenue from implementation and customization services using the percentage of estimated "person-days" that the work requires. The Company believes the level of effort to complete the services is best measured by the amount of time (measured as an employee working for one day on implementation/customization work) that is required to complete the implementation or customization work. The Company reviews its estimate of person-days required to complete implementation and customization services each reporting period.

If a group of agreements is entered into at or near the same time and so closely related that they are, in effect, part of a single arrangement, such agreements are deemed to be combined as one arrangement for revenue recognition purposes. The Company exercises significant judgment to evaluate the relevant facts and circumstances in determining whether agreements should be accounted for separately or as a single arrangement. The Company's judgments about whether a group of contracts comprises a single arrangement can affect the allocation of consideration to the distinct performance obligations, which could have an effect on results of operations for the periods involved.

If a contract includes variable consideration, the Company exercises judgment in estimating the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer. When estimating variable consideration, the Company considers all relevant facts and circumstances. Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

**Contract Balances**

The timing of revenue recognition may differ from the timing of invoicing to customers, and these timing differences result in receivables, contract assets, or contract liabilities on the Company's Consolidated Balance Sheets. The Company records contract assets when the Company has transferred goods or services but does not yet have the right to consideration. The Company records contract liabilities when the Company has received or has the right to receive consideration but has not yet transferred goods or services to the customer.

**Contract Liabilities**

The Company typically invoices its customers for subscription and support fees in advance on a quarterly or annual basis, with payment due at the start of the subscription or support term. Unpaid invoice amounts for non-cancellable licenses and services starting in future periods are included in accounts receivable and contract liabilities.

**Practical Expedients and Exemptions**

There are several practical expedients and exemptions allowed under Topic 606 that impact timing of revenue recognition and the Company's disclosures. The Company has applied the following practical expedients:

● The Company does not evaluate a contract for a significant financing component if payment is expected within one year or less from the transfer of the promised items to the customer.

● The Company generally expenses sales commissions and sales agent fees when incurred when the amortization period would have been one year or less or the commissions are based on cash received. These costs are recorded within sales and marketing expense in the Consolidated Statement of Operations.

● The Company does not disclose the value of unsatisfied performance obligations for contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for services performed (applies to time-and-material engagements).

**Costs to Obtain a Contract**

The Company does not have a material amount of costs to obtain a contract capitalized at any balance sheet date. In general, we incur few direct incremental costs of obtaining new customer contracts. We rarely incur incremental costs to review or otherwise enter into contractual arrangements with customers. In addition, our sales personnel receive fees that we refer to as commissions, but that are based on more than simply signing up new customers. Our sales personnel are required to perform additional duties beyond new customer contract inception dates, including fulfillment duties and collections efforts.

***STOCK-BASED COMPENSATION***

Our stock-based compensation expense is estimated at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton (BSM) option pricing model and is recognized as expense over the requisite service period. The BSM model requires various highly judgmental assumptions including expected volatility and expected term. If any of the assumptions used in the BSM model changes significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period. The Company recognizes compensation expense net of actual forfeitures as they occur. Accordingly, no estimate is made for the future forfeitures at the time of grant.

***GOODWILL***

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired in a purchase business combination. Goodwill is reviewed for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the carrying amount of goodwill may be impaired. In conducting its annual impairment test, the Company first reviews qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If factors indicate that the fair value of the reporting unit is less than its carrying amount, the Company performs a quantitative assessment, and the fair value of the reporting unit is determined by analyzing the expected present value of future cash flows. If the carrying value of the reporting unit continues to exceed its fair value, the fair value of the reporting unit's goodwill is calculated and an impairment loss equal to the excess is recorded.

**Recent Accounting Pronouncement**

See Note 2 "Summary of Significant Accounting Policies" in the Notes to the Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, for a full description of recent accounting pronouncements, including the expected dates of adoption.

**RESULTS OF OPERATIONS**

**THE YEAR ENDED JUNE 30, 2026 COMPARED TO THE YEAR ENDED JUNE 30, 2025**

The following table sets forth the items in our consolidated statement of operations for the years ended June 30, 2026 and 2025 as a percentage of revenues.

| | For the Years Ended June 30, | | | |
|---|---|---|---|---|
| | 2026 | % | 2025 | % |
| **Net Revenues:** | | | | |
| License fees | $ 4,954,378 | 6.7% | $ 598,633 | 0.9% |
| Subscription and support | 35,799,842 | 48.1% | 32,934,648 | 49.8% |
| Services | 33,617,160 | 45.2% | 32,554,948 | 49.3% |
| Total net revenues | 74,371,380 | 100.0% | 66,088,229 | 100.0% |
| | | | | |
| **Cost of revenues** | 35,224,037 | 47.4% | 33,513,697 | 50.7% |
| **Gross profit** | 39,147,343 | 52.6% | 32,574,532 | 49.3% |
| **Operating expenses:** | | | | |
| Selling, general and administrative | 31,418,598 | 42.2% | 27,796,936 | 42.1% |
| Research and development cost | 782,080 | 1.1% | 1,275,878 | 1.9% |
| Total operating expenses | 32,200,678 | 43.3% | 29,072,814 | 44.0% |
| | | | | |
| **Income from operations** | 6,946,665 | 9.3% | 3,501,718 | 5.3% |
| **Other income and (expenses)** | | | | |
| Interest expense | (605,619) | -0.8% | (871,355) | -1.3% |
| Interest income | 1,071,472 | 1.4% | 1,871,040 | 2.8% |
| Gain (loss) on foreign currency exchange transactions | (389,814) | -0.5% | 1,301,613 | 2.0% |
| Other income | 203,175 | 0.3% | 244,241 | 0.4% |
| Total other income (expenses) | 279,214 | 0.4% | 2,545,539 | 3.9% |
| | | | | |
| **Net income before income taxes** | 7,225,879 | 9.7% | 6,047,257 | 9.2% |
| **Income tax provision** | (1,630,376) | -2.2% | (1,476,338) | -2.2% |
| **Net income** | 5,595,503 | 7.5% | 4,570,919 | 6.9% |
| **Non-controlling interest** | (2,645,150) | -3.6% | (1,647,686) | -2.5% |
| **Net income attributable to NetSol** | $ 2,950,353 | 4.0% | $ 2,923,233 | 4.4% |
| | | | | |
| **Net income per share:** | | | | |
| Net income per common share | | | | |
| Basic | $ 0.25 | | $ 0.25 | |
| Diluted | $ 0.25 | | $ 0.25 | |
| | | | | |
| Weighted average number of shares outstanding | | | | |
| Basic | 11,814,041 | | 11,576,287 | |
| Diluted | 11,827,950 | | 11,576,287 | |

A significant portion of our business is conducted in currencies other than the U.S. dollar. We operate in several geographical regions as described in Note 18 "Segment Information and Geographic Areas" within the Notes to the Consolidated Financial Statements. Weakening of the value of the U.S. dollar compared to foreign currency exchange rates generally has the effect of increasing our revenues but also increasing our expenses denominated in currencies other than the U.S. dollar. Similarly, strengthening of the U.S. dollar compared to foreign currency exchange rates generally has the effect of reducing our revenues but also reducing our expenses denominated in currencies other than the U.S. dollar. We plan our business accordingly by deploying additional resources to areas of expansion, while continuing to monitor our overall expenditures given the economic uncertainties of our target markets. In order to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency fluctuations, we compare the changes in results from one period to another period using constant currency. In order to calculate our constant currency results, we apply the current period results to the prior period foreign currency exchange rates. In the table below, we present the change based on actual results in reported currency and in constant currency.

| | For the Years Ended June 30, | | | | Favorable (Unfavorable) Change in Constant | Favorable (Unfavorable) Change due to Currency | Total Favorable (Unfavorable) Change as |
|---|---|---|---|---|---|---|---|
| | 2026 | % | 2025 | % | Currency | Fluctuation | Reported |
| **Net Revenues:** | $74,371,380 | 100.0% | $66,088,229 | 100.0% | $ 7,264,076 | $ 1,019,075 | $ 8,283,151 |
| **Cost of revenues:** | 35,224,037 | 47.4% | 33,513,697 | 50.7% | (1,617,580) | (92,760) | (1,710,340) |
| **Gross profit** | 39,147,343 | 52.6% | 32,574,532 | 49.3% | 5,646,496 | 926,315 | 6,572,811 |
| **Operating expenses:** | 32,200,678 | 43.3% | 29,072,814 | 44.0% | (2,792,086) | (335,778) | (3,127,864) |
| **Income (loss) from operations** | $ 6,946,665 | 9.3% | $ 3,501,718 | 5.3% | $ 2,854,410 | $ 590,537 | $ 3,444,947 |

Net revenues for the years ended June 30, 2026 and 2025 by segment are as follows:

| | 2026 | | 2025 | |
|---|---|---|---|---|
| | Revenue | % | Revenue | % |
| North America | $ 9,055,391 | 12.2% | $ 12,003,827 | 18.2% |
| Europe | 14,044,445 | 18.9% | 14,644,000 | 22.2% |
| Asia-Pacific | 51,271,544 | 68.9% | 39,440,402 | 59.7% |
| Total | $ 74,371,380 | 100.0% | $ 66,088,229 | 100.0% |

*Revenues*

License Fees

License fees for the year ended June 30, 2026 were $4,954,378 compared to $598,633 for the year ended June 30, 2025 reflecting an increase of $4,355,745 with a change in constant currency of $4,345,711. In the fiscal year ended June 30, 2026, we recognized approximately $4,656,000 of software license revenue associated with the renewal and amendment of an existing customer agreement for our Transcend™ software platform. The license revenue relates to additional license consideration associated with expanded portfolio usage under the customer arrangement. Revenue associated with maintenance and support services under the arrangement will continue to be recognized over the contractual service period. In the fiscal year ended June 30, 2025, we recognized approximately $487,000 from a new customer in Indonesia.

Subscription and Support

Subscription and support fees for the year ended June 30, 2026, were $35,799,842 compared to $32,934,648 for the year ended June 30, 2025 reflecting an increase of $2,865,194 with an increase in constant currency of $2,318,648. Subscription and support fees are recurring in nature, and we anticipate these fees to gradually increase as we increase our SaaS customer base and implement Transcend®.

Services

Services income for the year ended June 30, 2026, was $33,617,160 compared to $32,554,948 for the year ended June 30, 2025, reflecting an increase of $1,062,212 with an increase in constant currency of $599,717. The increase is mainly due to implementation services in APAC and Europe.

*Gross Profit*

The gross profit was $39,147,343 for the year ended June 30, 2026, compared with $32,574,532 for the year ended June 30, 2025. This is an increase of $6,572,811 with an increase in constant currency of $5,646,496. The gross profit percentage for the year ended June 30, 2026, increased to 52.6% from 49.3% for the year ended June 30, 2025. The cost of sales was $35,224,037 for the year ended June 30, 2026, compared to $33,513,697 for the year ended June 30, 2025, for an increase of $1,710,340 and on a constant currency basis an increase of $1,617,580. As a percentage of sales, cost of sales decreased from 50.7% for the year ended June 30, 2025, to 47.4% for the year ended June 30, 2026.

Salaries and consultant fees decreased by $100,129 from $25,797,465 for the year ended June 30, 2025, to $25,697,336 for the year ended June 30, 2026, and on a constant currency basis decreased by $227,030. The decrease is due to capitalization of software development costs off set by annual increases in salary. As a percentage of sales, salaries and consultant expense decreased from 39.0% for the year ended June 30, 2025, to 34.6% for the year ended June 30, 2026.

Travel increased by $746,181 from $2,063,511 for the year ended June 30, 2025, to $2,809,692 for the year ended June 30, 2026, and on a constant currency basis increased by $731,534. The increase in travel expense is due to the increase in travel for the current implementations. As a percentage of sales, travel expense increased from 3.1% for year ended June 30, 2025, to 3.8% for the year ended June 30, 2026.

Depreciation and amortization expense decreased to $783,692 compared to $952,331 for the year ended June 30, 2025, or a decrease of $168,639 and on a constant currency basis a decrease of $165,806.

Other costs increased to $5,933,317 for the year ended June 30, 2026, compared to $4,700,390 for the year ended June 30, 2025, or an increase of $1,232,927 and on a constant currency basis an increase of $1,278,882. The increase is mainly due to increase in third party hardware costs of approximately $1,015,865.

*Operating Expenses*

Operating expenses were $32,200,678 for the year ended June 30, 2026, compared to $29,072,814, for the year ended June 30, 2025, for an increase of $3,127,864 and on a constant currency basis an increase of $2,792,086. As a percentage of sales, it decreased from 44.0% to 43.3%. The increase in operating expenses was primarily due to increases in selling expenses, general and administrative expenses offset by a decrease in research and development costs.

Selling and marketing expenses increased by $1,692,136 and on a constant currency basis increased by $1,518,546. The increase is mainly due to increases in salaries of approximately $956,109, travel of approximately $307,028 and other selling expenses of approximately $428,999.

General and administrative expenses were $19,431,136 for the year ended June 30, 2026, compared to $17,501,610 at June 30, 2025, or an increase of $1,929,526, and on a constant currency basis an increase of $1,761,860. During the year ended June 30, 2026, salaries increased by approximately $2,058,745 or increased by approximately $1,955,668 on a constant currency basis, due to increases in salaries including bonuses, medical costs and subsidiary options granted to staff in NetSol PK. The provision for doubtful accounts decreased by approximately $165,930 and on a constant currency basis decreased by approximately $177,581. Other general and administrative costs increased by approximately $36,711 and on a constant currency basis a decrease of approximately $16,227.

Research and development costs decreased by approximately $493,798 and on a constant currency basis a decrease of approximately $488,320.

*Income from Operations*

Income from operations was $6,946,665 for the year ended June 30, 2026, compared to $3,501,718 for the year ended June 30, 2025. This represents an increase of $3,444,947 with an increase of $2,854,410 on a constant currency basis for the year ended June 30, 2026, compared with the year ended June 30, 2025. As a percentage of sales, income from operations was 9.3% for the year ended June 30, 2026, compared to 5.3% for the year ended June 30, 2025.

*Other Income and Expense*

Other income was $279,214 for the year ended June 30, 2026, compared to $2,545,539 for the year ended June 30, 2025. This represents a decrease of $2,266,325 with a decrease of $2,182,442 on a constant currency basis. The decrease is primarily due to lower interest income, driven by a reduction in interest rates from approximately 10.0%-19.5% for the year ended June 30, 2025, to approximately 8.9% to 10.8% for the year ended June 30, 2026. The decrease is also due to foreign currency exchange transactions. The majority of the contracts with NetSol PK are either in U.S. dollars or Euros; therefore, the currency fluctuations will lead to foreign currency exchange gains or losses depending on the value of the PKR compared to the U.S. Dollar and the Euro. During the year ended June 30, 2026, we recognized a loss of $389,814 in foreign currency exchange transactions compared to a gain of $1,301,613 for the year ended June 30, 2025. During the year ended June 30, 2026, the value of the U.S. dollar and the Euro decreased 2.1% and 4.9%, respectively, compared to the PKR. During the year ended June 30, 2025, the value of the U.S. dollar and the Euro increased 2.1% and 11.9%, respectively, compared to the PKR.

*Non-controlling Interest*

For the year ended June 30, 2026, and 2025, the net income attributable to non-controlling interest was $2,645,150 and $1,647,686, respectively. The increase in non-controlling interest is primarily due to the increase in net income of NetSol PK and NAMECET.

*Net Income (Loss) Attributable to NetSol*

Net income was $2,950,353 for the year ended June 30, 2026, compared to $2,923,233 for the year ended June 30, 2025. This is an increase in income of $27,120 with a decrease of $489,366 on a constant currency basis, compared to the prior year. For the year ended June 30, 2026, net income per share was $0.25 for basic and diluted shares. For the year ended June 30, 2025, net income per share was $0.25 for basic and diluted shares.

**Non-GAAP Financial Measures**

Regulation S-K Item 10(e), "Use of Non-GAAP Financial Measures in Commission Filings," defines and prescribes the conditions for use of non-GAAP financial information. Our measures of adjusted EBITDA meet the definition of a non-GAAP financial measure.

We define the non-GAAP measures as follows:

- EBITDA is GAAP net income before net interest expense, income tax expense, depreciation and amortization.
- Non-GAAP adjusted EBITDA is EBITDA plus stock-based compensation expense and adjusted for foreign currency gains and losses.

We use non-GAAP measures internally to evaluate the business and believe that presenting non-GAAP measures provides useful information to investors regarding the underlying business trends and performance of our ongoing operations as well as useful metrics for monitoring our performance and evaluating it against industry peers. The non-GAAP financial measures presented should be used in addition to, and in conjunction with, results presented in accordance with GAAP, and should not be relied upon to the exclusion of GAAP financial measures. Management strongly encourages investors to review our consolidated financial statements in their entirety and not to rely on any single financial measure in evaluating the Company.

The non-GAAP measures reflect adjustments based on the following items:

EBITDA: We report EBITDA as a non-GAAP metric by excluding the effect of net interest expense, income tax expense, depreciation and amortization from net income because doing so makes internal comparisons to our historical operating results more consistent. In addition, we believe providing an EBITDA calculation is a more useful comparison of our operating results to the operating results of our peers.

Stock-based compensation expense: We have excluded the effect of stock-based compensation expense from the non-GAAP adjusted EBITDA. Although stock-based compensation expense is calculated in accordance with current GAAP and constitutes an ongoing and recurring expense, such expense is excluded from non-GAAP results because it is not an expense that generally requires cash settlement by NetSol, and therefore is not included in certain measures by management to evaluate operating performance. We also believe the exclusion of stock-based compensation expense provides a more useful comparison of our operating results to the operating results of our peers.

Foreign currency exchange gains and losses: We have excluded the effect of foreign currency exchange gains and losses from non-GAAP adjusted EBITDA. As a multinational company, we are exposed to fluctuations in foreign currency exchange rates, which may result in significant gains or losses from period to period. Although foreign currency exchange gains and losses are reflected in our results in accordance with GAAP and may recur in future periods, we exclude these amounts from our non-GAAP measures because they are affected by changes in foreign currency exchange rates and are not considered by management to be indicative of the underlying operating performance of our business. We believe excluding foreign currency exchange gains and losses provides investors with additional information regarding our operating performance and facilitates period-to-period comparisons of our results.

Non-controlling interest: We add back the non-controlling interest in calculating gross adjusted EBITDA and then subtract out the income taxes, depreciation and amortization and net interest expense attributable to the non-controlling interest to arrive at adjusted EBITDA attributable to NetSol.

Our reconciliation of the non-GAAP financial measures of adjusted EBITDA to the most comparable GAAP measures for the years ended June 30, 2026, and 2025 is as follows:

| | For the Years Ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| Net Income (loss) attributable to NetSol | $ 2,950,353 | $ 2,923,233 |
| Non-controlling interest | 2,645,150 | 1,647,686 |
| Income taxes | 1,630,376 | 1,476,338 |
| Depreciation and amortization | 1,238,421 | 1,463,783 |
| Interest expense | 605,619 | 871,355 |
| Interest (income) | (1,071,472) | (1,871,040) |
| EBITDA | $ 7,998,447 | $ 6,511,355 |
| Add back: | | |
| Currency exchange (gain) loss | 389,814 | (1,301,613) |
| Non-cash stock-based compensation | 758,895 | 208,116 |
| Adjusted EBITDA | $ 9,147,156 | $ 5,417,858 |
| Less non-controlling interest (a) | (3,139,679) | (1,687,270) |
| Adjusted EBITDA attributable to NetSol | $ 6,007,477 | $ 3,730,588 |

(a)The reconciliation of adjusted EBITDA of non-controlling interest to net income attributable to non-controlling interest is as follows

| | 2026 | 2025 |
|---|---|---|
| Net Income (loss) attributable to non-controlling interest | $ 2,645,150 | $ 1,647,686 |
| Income Taxes | 301,619 | 321,973 |
| Depreciation and amortization | 285,075 | 358,180 |
| Interest expense | 174,805 | 251,658 |
| Interest (income) | (322,555) | (567,285) |
| EBITDA | $ 3,084,094 | $ 2,012,212 |
| Add back: | | |
| Currency exchange (gain) loss | 55,585 | (330,004) |
| Non-cash stock-based compensation | - | 5,062 |
| Adjusted EBITDA of non-controlling interest | $ 3,139,679 | $ 1,687,270 |

**LIQUIDITY AND CAPITAL RESOURCES**

Our cash position was $27,123,955 at June 30, 2026, compared to $17,357,944 at June 30, 2025.

Net cash provided by operating activities was $13,884,176 for the year ended June 30, 2026, compared to $447,267 for the year ended June 30, 2025. The increase in operating cash flows was primarily attributable to changes in working capital and net income. During fiscal year 2026, contract liabilities increased by $6.5 million compared to a decrease of $6.3 million in fiscal year 2025, resulting in a significant year-over-year improvement in operating cash flows. The increase in contract liabilities during fiscal 2026 primarily reflects cash collections in advance of the recognition of the related revenue. Operating cash flows also benefited from a $0.6 million decrease in contract assets during fiscal year 2026 compared to a $5.2 million increase in fiscal year 2025. These favorable changes were partially offset by a $2.8 million increase in accounts receivable during fiscal year 2026 compared to a $5.5 million decrease in fiscal year 2025.

At June 30, 2026, we had current assets of $56,861,176 and current liabilities of $27,629,756. We had accounts receivable of $10,286,342 at June 30, 2026, compared to $7,527,572 at June 30, 2025. We had contract assets of $18,707,582 at June 30, 2026, compared to $19,134,385 at June 30, 2025, of which $2,467,018 and $903,766 are shown as long-term as of June 30, 2026, and 2025, respectively. The long-term portion was discounted by $373,219 and $208,037 at June 30, 2026, and 2025, respectively, using the discounted cash flow method with interest rates ranging from 4.5% to 6.6%, for the year ended June 30, 2026, and interest rates ranging from 4.2% to 17.5% for the year ended June 30, 2025, respectively.

During the year ended June 30, 2026, our contract assets were reclassified to accounts receivable pursuant to billing requirements detailed in each contract. The combined totals for accounts receivable and contract assets increased by $2,331,967 from $26,661,957 at June 30, 2025, to $28,993,924 at June 30, 2026. Accounts payable and accrued expenses, and current portions of loans and lease obligations amounted to $8,708,029 and $8,187,170, respectively, at June 30, 2026. Accounts payable and accrued expenses, and current portions of loans and lease obligations amounted to $8,010,844 and $8,240,061, respectively, at June 30, 2025. The average days sales outstanding for the years ended June 30, 2026, and 2025 were 137 and 147 days, respectively. The days sales outstanding have been calculated by taking into consideration the average combined balances of accounts receivable and contract assets.

Net cash used by investing activities amounted to $4,581,969 for the year ended June 30, 2026, compared to $1,274,865 for the year ended June 30, 2025. We had net purchases of property and equipment of $1,920,120 compared to $1,265,987 for the comparable period last fiscal year. We invested $2,686,392 in capitalization of software development cost for the year ended June 30, 2026 compared to $nil in prior period.

Net cash provided by financing activities was $269,080 compared to $822,881, for the years ended June 30, 2026, and 2025, respectively. During the year ended June 30, 2026, we received bank proceeds of $1,044,523 compared to $2,920,149 during the year ended June 30, 2025. During the year ended June 30, 2026, we had net payments for bank loans and capital leases of $1,188,684 compared to $773,535 for the year ended June 30, 2025. During the year ended June 30, 2025, Company employees exercised 220,000 options of common stock for $473,000. Employees of our subsidiary, NetSol PK, exercised 1,543,987 options of common stock for $425,661, of which $413,241 was received during the year ended June 30, 2026 and $12,420 was received during the fiscal year ended June 30, 2025. NetSol PK, a subsidiary of the Company, paid a dividend of $306,799 to the non-controlling shareholders, and NetSol PK purchased 2,690,251 shares of its common stock from the open market for $1,503,662. We are operating in various geographical regions of the world through our various subsidiaries. Those subsidiaries have financial arrangements from various financial institutions to meet both their short- and long-term funding requirements. These loans will become due at different maturity dates as described in Note 13 of the financial statements. We are in compliance with the covenants of the financial arrangements and there is no default that may lead to early payment of these obligations. We anticipate paying back all these obligations on their respective due dates.

We typically fund the cash requirements for our operations in the U.S. through our license, services, and maintenance agreements, intercompany charges for corporate services, and through the exercise of options. As of June 30, 2026, we had approximately $27.1 million of cash, cash equivalents and marketable securities of which approximately $26.5 million is held by our foreign subsidiaries. As of June 30, 2025, we had approximately $17.4 million of cash, cash equivalents and marketable securities of which approximately $16.4 million was held by our foreign subsidiaries.

We remain open to strategic relationships that would provide value-added benefits. The focus will remain on continuously improving cash reserves internally.

As a growing company, we have ongoing capital expenditure requirements to support our short-term and long-term business plans. Over the next 12 months, we expect to incur approximately $2.0 to $2.5 million in capital expenditures across our APAC, U.S. and European operations.

**Financial Covenants**

The following tables present financial covenants associated with our borrowings.

| Subsidiary | Bank / Facility | Facility Amount | Key Financial Covenants / Conditions |
|---|---|---|---|
| NTE (UK) | Overdraft facility | £300,000 ($394,737) | Eligible trade receivables (≤90 days old, net of provisions, excluding intercompany) must be at least 200% of the facility balance |
| NetSol PK | Askari Bank – Export refinance | PKR 600 million ($2,157,963) | Long-term debt-to-equity ratio of 60:40; Current ratio of at least 1:1 |
| NetSol PK | Askari Bank – Running finance | PKR 4.1 million ($14,570) | |
| NetSol PK | Habib Metro – Export refinance | PKR 1.3 billion ($4,675,586) | |
| NetSol PK | Bank Al-Habib – Export refinance | PKR 400 million ($1,438,642) | |
| NetSol PK | Samba Bank – Export refinance | PKR 380 million ($1,366,710) | Current ratio ≥ 1:1; Interest coverage ≥ 4x; Leverage ratio ≤ 2x; Debt service coverage ≥ 4x |

As of the date of this report, we are in compliance with the financial covenants associated with our borrowings. The maturity dates of the borrowings of respective subsidiaries may accelerate if they do not comply with these covenants. In case of any change in control in subsidiaries, they may have to repay their respective credit facilities.

**Dividends and Redemption**

It has been our policy to invest earnings in growth rather than distribute earnings as common stock dividends. This policy, under which common stock dividends have not been paid since our inception is expected to continue but is subject to regular review by the Board of Directors.

**Contractual Obligations**

Our contractual obligations are as follows:

| | Payment due by period | | | | |
|---|---|---|---|---|---|
| Contractual Obligation | Total | 0 - 1 year | 1-3 Years | 3-5 Years | More than 5 years |
| Debt Obligations | | | | | |
| D&O Insurance | $ 121,043 | $ 121,043 | $ - | $ - | $ - |
| Loan Payable Bank - Export Refinance | 1,798,302 | 1,798,302 | - | - | - |
| Loan Payable Bank - Export Refinance IV | 1,366,710 | 1,366,710 | - | - | - |
| Loan Payable Bank - Export Refinance V | 4,675,586 | 4,675,586 | - | - | - |
| Sale and Leaseback Financing | 354,169 | 146,062 | 208,107 | - | - |
| Subsidiary Finance Leases | 84,342 | 79,467 | 4,875 | - | - |
| Operating Lease Obligations | 875,823 | 447,332 | 428,491 | - | - |
| Total | $ 9,275,975 | $ 8,634,502 | $ 641,473 | $ - | $ - |

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future effect upon our financial condition or results of operations.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to financial market risks, including changes in currency exchange rates and interest rates.

### Foreign Currency Exchange Risk

*Economic Exposure*

We transact business in various foreign currencies and have significant international revenues, as well as costs denominated in foreign currencies. This exposes us to the risk of fluctuations in foreign currency exchange rates. Since the majority of the Company's operations are based in the Asia Pacific region where the Pakistan Rupee is continuously losing its value against the US Dollar and we don't have any imports; therefore, we believe it is counter-productive to hedge this exposure. The devaluation of the Pakistan Rupee results in a foreign exchange gain to the Company.

*Transaction Exposure*

Our exposure to foreign currency transaction gains and losses is the result of certain net receivables due from our foreign subsidiaries and customers being denominated in currencies other than the functional currency of the subsidiary, primarily the Euro, Yuan, Baht and the Pakistan Rupee. Our foreign subsidiaries conduct their businesses in local currency. Since the majority of the Company's operations are based in the Asia Pacific region where the Pakistan Rupee is continuously losing its value against the US Dollar and we don't have any imports; therefore, we believe it is counter-productive to hedge this exposure.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements that constitute Item 8 are included at the end of this report on page F-1.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NetSol's financial statements for the fiscal years ended June 30, 2026, and June 30, 2025, did not contain an adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

In connection with the audit of NetSol's financial statements for the fiscal year ended June 30, 2026, and 2025, there were no disagreements, disputes, or differences of opinion with Fortune CPA. ("Fortune") on any matters of accounting principles or practices, financial statement disclosure, or auditing scope and procedures, which, if not resolved to the satisfaction of Fortune would have caused Fortune to make reference to the matter in their report.

## ITEM 9A. CONTROLS AND PROCEDURES

***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K. Based upon that evaluation, the Chief Financial Officer and Chief Executive Officer concluded that our disclosure controls and procedures were effective.

***Management's Report on Internal Control over Financial Reporting***

Our management has the responsibility to establish and maintain adequate internal controls over our financial reporting, as defined in Rule 13a-15(f) under the Securities and Exchange Act of 1934. Our internal controls are designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our external financial statements in accordance with generally accepted accounting principles (GAAP).

Due to inherent limitations of any internal control system, management acknowledges that there are limitations as to the effectiveness of internal controls over financial reporting and therefore recognize that only reasonable assurance can be gained from any internal control system. Accordingly, our internal control system may not detect or prevent material misstatements in our financial statements and projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and participation of management, including the Chief Executive Officer and Chief Financial Officer, we have performed an assessment of the effectiveness of our internal controls over financial reporting as of June 30, 2026. This assessment was based on the criteria established in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of our assessment, the Company has determined that as of June 30, 2026, the Company's internal control over financial reporting is effective.

***Changes in Internal Control over Financial Reporting***

There have been no changes in our internal controls over financial reporting during the fourth quarter of fiscal year 2026, that have materially affected, or are reasonable likely to materially affect, the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f)).

**ITEM 9B. OTHER INFORMATION**

**Rule 10b5-1 Trading Plans**

During the fiscal quarter ended June 30, 2026, none of the Company's directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

NONE

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

***Section 16(a) Beneficial Ownership Reporting Compliance***

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that the Company's directors and executive officers and persons owning more than 10% of the outstanding Common Stock file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Executive officers, directors and beneficial owners of more than 10% of the Company's Common Stock are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on copies of such forms furnished as provided above, or written representations that no such forms were required, the Company believes that during the fiscal year ended June 30, 2026, all Section 16(a) filing requirements applicable to its executive officers, directors and beneficial owners of more than 10% of its Common Stock were complied with.

### CHANGE IN MANAGEMENT AND BOARD OF DIRECTORS

*Board of Directors*

At the fiscal year 2025 Annual Meeting of Shareholders held in June 2026, seven directors were elected to serve until the next annual meeting of shareholders and until their respective successors are duly elected and qualified, in accordance with the Company's bylaws.

The Company's Board of Directors currently consists of Najeeb U. Ghauri (Chairman of the Board), Asad Ghauri and Naeem Ghauri, who are management directors, and Richard Howard, Aamir Ibrahim, Kausar Kazmi, and Ian Smith who are independent directors. Najeeb Ghauri, Kausar Kazmi and Ian Smith were re-elected to the Board, while Asad Ghauri, Naeem Ghauri, Richard Howard, and Aamir Ibrahim were newly elected to the Board. Mark Caton and Malea Farsai did not stand for re-election at the fiscal year 2025 Annual Meeting of Shareholders.

*Committees*

The following table sets forth the membership of each committee of the Board prior to the fiscal year 2025 Annual Meeting of the Shareholders held in June 2026.

| Director | Audit Committee | Compensation Committee | Nominating and Corporate Governance Committee |
|---|---|---|---|
| Najeeb Ghauri | | | |
| Malea Farsai | | | |
| Mark Caton (I) | X | X (C) | X |
| Kausar Kazmi (I) | X (C) | X | X |
| Ian Smith (I) | X | X | X (C) |

Following the fiscal year 2025 Annual Meeting of Shareholders, the Board reconstituted its committees and established a Cybersecurity Committee. The following table sets forth the current membership of each committee:

| Director | Audit Committee | Compensation Committee | Nominating and Corporate Governance Committee | Cyber Security Committee |
|---|---|---|---|---|
| Najeeb Ghauri | | | | |
| Asad Ghauri | | | | |
| Naeem Ghauri | | | | |
| Richard Howard (I) | X | X (C) | X | |
| Aamir Ibrahim (I) | X | X | X | X (C) |
| Kausar Kazmi (I) | X (C) | X | X | |
| Ian Smith (I) | X | X | X (C) | |

(I) Denotes an Independent Director.
(C) Denotes the Chairperson of the Committee.

During the fiscal year 2026, the Audit Committee met four times, the Compensation Committee met once, and the Nominating and Corporate Governance Committee met once.

**DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth the names and ages of the current directors and executive officers of the Company, the principal offices and positions with the Company held by each person and the date such person became a director or executive officer of the Company. The Board of Directors elects the executive officers of the Company annually. Each year the stockholders elect the Board of Directors. The executive officers serve varying terms until their death, resignation or removal by the Board of Directors. In addition, there was no arrangement or understanding between any executive officer and any other person pursuant to which any person was selected as an executive officer.

The directors and executive officers of the Company are as follows:

| **Name** | **Year First Elected as an Officer or Director** | **Age** | **Position Held with the Registrant** | **Family Relationship** |
|---|---|---|---|---|
| Najeeb Ghauri | 1997 | 72 | Chief Executive Officer, Chairman and Director | Brother of Naeem Ghauri; Uncle to Asad Ghauri |
| Naeem Ghauri | 1999 | 69 | President | Brother of Najeeb Ghauri; Uncle to Asad Ghauri |
| Asad Ghauri | 2026 | 49 | Director; President of APAC | Nephew of Najeeb Ghauri and Naeem Ghauri |
| Sardar Abubakr | 2026 | 44 | Chief Financial Officer | None |
| Roger Almond | 2013 | 61 | Chief Financial Officer (2013-2026); Chief Accounting Officer (2026-Current) | None |
| Patti L. W. McGlasson | 2004 | 61 | Sr. V.P., Legal and Corporate Affairs; Secretary, General Counsel | None |
| *Mark Caton | 2002 | 77 | Director | None |
| *Malea Farsai | 2018 | 57 | Director; Corporate Counsel | None |
| Richard Howard | 2026 | 61 | Director | None |
| Aamir Ibrahim | 2026 | 58 | Director | None |
| Syed Kausar Kazmi | 2019 | 73 | Director | None |
| Ian Smith | 2025 | 55 | Director | None |

*Mr. Caton and Ms. Farsai’s terms as board members ended on June 30, 2026.

Business Experience of Officers and Directors:

**NAJEEB U. GHAURI** is the Chief Executive Officer and Chairman of NetSol. He has been the Co-founder and director of the Company since 1997, Chairman since 2003, and Chief Executive Officer from January 1998 to September 2002 and from October 2006 to the present. Mr. Ghauri was responsible for NetSol's listing on Nasdaq in 1999 and NetSol Pakistan's subsidiary listing on the Karachi Stock Exchange in 2005. Mr. Ghauri served as the Company's Chief Executive Officer from 1999 to 2001 and as the Chief Financial Officer from 2001 to 2005. As CEO, Mr. Ghauri is responsible for managing the day-to-day operations of the Company, as well as the Company's overall growth and expansion plan. In 2017, Mr. Najeeb Ghauri, as the CEO, implemented a Company-wide initiative to cut costs, which saved the Company in excess of $7,000,000. Mr. Ghauri was also instrumental in the substantial increase in revenue for fiscal year-end 2015. In addition, Mr. Ghauri traveled overseas multiple times to execute the largest contract for the Company, worth over $100 million, in December 2015. Under his watch, NetSol has become a leading player in China with innovation and a cutting-edge technology. In September 2020, Mr. Ghauri was presented with the highest civilian award in Pakistan, "Sitar i Imtiaz", a medal of pride, in recognition of his work in IT and charitable causes in Pakistan. This medal was conferred by the President of Pakistan at the President House in Islamabad, Pakistan. Prior to joining the Company, Mr. Ghauri was part of the marketing team of Atlantic Richfield Company (ARCO) (now acquired by BP), a Fortune 500 company, from 1987-1997. Prior to ARCO, he spent nearly five years with Unilever as brand and sales manager. Mr. Ghauri attended Eastern Illinois University from 1977-78 for a Bachelor of Science degree in Management/Economics. He earned an M.B.A. in Marketing Management from Peter F. Drucker School of Management, Claremont, California in 1981. Mr. Ghauri was elected Vice Chairman of the US-Pakistan Business Council in 2006, a Washington, D.C. based council of the US Chamber of Commerce. He is also very active in several philanthropic activities in emerging markets and is a founding director of Pakistan Human Development Fund, a non-profit organization, a partnership with UNDP to promote literacy, health services and poverty alleviation in Pakistan. Mr. Ghauri has been invited to participate in Nasdaq opening and/or closing bell ceremonies in 2006, 2008, 2009, 2015, 2020 and 2025.

*Skills and Qualifications*: Mr. Ghauri has extensive executive, operational and strategic leadership experience in a global setting and substantial experience in establishing management performance objectives and goals. Mr. Ghauri not only serves the Board with his experience as a Chief Executive Officer, but also his skills and insight into global operational logistics, which he developed over the course of his 27-year career in the technology industry.

**NAEEM GHAURI** joined the Board of Directors in July 2026 and also served as a Director of the Company from 1999 through 2020, rejoining the Board for the July 1, 2026 through June 30, 2027 term. Mr. Naeem Ghauri was the Company's Chief Executive Officer from August 2001 to October 2006. Mr. Ghauri is also a co-founder of the Company. Currently, Mr. Ghauri serves in multiple leadership positions globally. He is the President and Director of Global Sales of NetSol, director of NetSol (UK) Ltd., a wholly owned subsidiary of the Company located in London, and Chairman of NetSol Technologies Limited in Pakistan. While instrumental in numerous transactions, his most significant contribution to the revenue of the Company was his role in overseeing and leading the closing of the largest contract to date for the Company worth $100 million signed in December 2015. More recently, Mr. Ghauri headed the sales team that signed a contract valued in excess of $35 million. Mr. Ghauri spearheaded the Innovation practice of the Company while he was located in Thailand with an eye towards working with rideshare platforms as sustainable business models for the Company as the CEO of OTOZ®, Inc., now a part of NetSol Technologies Americas, Inc. He is currently based out of NetSol's Pakistan office. Prior to joining the Company, Mr. Ghauri was Program Director for Mercedes-Benz Finance Ltd. from 1994-1999. Mr. Ghauri supervised over 200 project managers, developers, analysts and users in nine European countries. Mr. Ghauri earned his degree in computer science from Brighton University in England.

*Skills and Qualifications*: Mr. Naeem Ghauri has served in many leadership capacities within the Company throughout the past 23 years. Through his various senior leadership positions and extensive executive experience, Mr. Ghauri brings to NetSol his unique insight related to technology, innovation, marketing, and growth, including digital and mobility strategy.

**ASAD GHAURI** joined the Board of Directors in July 2026 and currently serves as President of NetSol Technologies for the Asia Pacific Region (APAC), a role he has held since May 2009. He also serves as Group Managing Director for NetSol Technologies Europe (June 2017–present), overseeing strategic growth, regional leadership, and global client engagement across multiple markets. Mr. Ghauri previously served on the board from July 2014 to June 2016. Asad Ghauri brings more than two decades of international leadership experience, with core strengths in change management, team building, global strategic alliances, key partnership development, tactical market planning, and high-stakes negotiations. His career reflects a consistent focus on scaling operations, strengthening cross-regional collaboration, and driving long-term enterprise value. Mr. Asad Ghauri is based at NetSol Pakistan's office. He earned his Bachelor of Science in Computer Science from James Madison University in 2000.

*Skills and Qualifications*: Mr. Asad Ghauri has extensive operational and strategic leadership experience in global markets, especially in the software industry.

**SARDAR ABUBAKR** was appointed as the Chief Financial Officer of NetSol in January 2026. Mr. Abubakr is a senior global leader with more than twenty years of international experience across finance. He has held multiple C-suite and board-level roles including CFO, Chief Strategy & Transformation Officer (CTO), Chief Digital Officer, COO, CEO, and Board Advisor within large-scale telecom, fintech, digital, and technology organizations. He has experience in digital transformation, strategy, M&A, and operations, spanning Europe and Asia. His work has been internationally recognized with a Global Innovation Award from the ITU (United Nations) for excellence in digital acceleration and ecosystem development.

Prior to joining NetSol, Mr. Abubakr was the Vice President of New Business Ventures & M&A at Jazz (VEON Group). Most recently, he played a central role in the delayering of JazzCash, a leading fintech platform with over 55 million users. He contributed to VEON's global fintech growth strategy and supported strategic transactions including the planned acquisition of TPL Insurance.

Mr. Abubakr was a speaker at Mobile World Congress (Barcelona) and GITEX (UAE). He is a Fellow of the Association of Chartered Certified Accountants (FCCA, UK).

*Skills and Qualifications:* Through his senior leadership as Chief Financial Officer, Mr. Abubakr brings expertise in financial management, strategic planning, corporate finance, risk management and public company operations.

**ROGER ALMOND** is currently the Chief Accounting Officer and served as the Company's Chief Financial Officer from September 2013-2025. From 2007 to 2013, Mr. Almond held the position of Senior Manager at Pickard & Green Certified Public Accountants, where he and his team were responsible for assisting national and international companies with their financial reporting requirements to the SEC. Roger Almond's duties also included overseeing multiple entity consolidations, converting financial data to US GAAP, preparing financial statements, footnotes and MD&A. Prior to his position at Pickard &Green, Roger Almond held the position of Assurance Manager at Grant Thornton LLP, in Los Angeles, California from 2003-2006. From November 1999 to August 2003, he was the Chief Financial Officer of Keysor Century Corporation located in Saugus, California. Currently, Mr. Almond, as the CAO, leads the accounting of the Company across the parent and all domestic and international subsidiaries, ensuring consistent accounting policies, reliable consolidations and strong internal controls. He continues to be accountable for all reporting of the Company's SEC filings and GAAP compliance.

Roger Almond received his BS in Accounting from Brigham Young University in 1991 and he is a Certified Public Accountant licensed in California. He has also completed executive management courses at UCLA in 2001.

*Skills and Qualifications:* Through his senior leadership as Chief Accounting Officer, Mr. Almond possesses extensive knowledge in several important business areas, including public company accounting, leadership, risk assessment, and international, cross-border accounting. He is the main liaison between the Company's accounting firm and the audit committee.

**PATTI L. W. MCGLASSON** joined NetSol as General Counsel in January 2004 and was elected to the position of Secretary in March 2004. She was appointed Senior Vice President, Corporate and Legal Affairs in 2013.

In the role of General Counsel, Ms. McGlasson is responsible for leading NetSol's legal department company-wide. She is also responsible for the implementation of the Company's internal corporate governance and policy plans, ethics and business conduct. She oversees all board meetings in her executive position as corporate secretary. Ms. McGlasson served as a member of the Board's Cybersecurity Committee from 2024 through 2026.

Ms. McGlasson has over 30 years of experience in corporate law, mergers and acquisitions, business and cross-border transactions and securities law. Immediately prior to joining NetSol, Patti practiced at Vogt & Resnick, law corporation. She was admitted to practice in California in 1991.

She received her Bachelor of Arts in Political Science in 1987 from the University of California, San Diego and her Juris Doctor and Masters of Law in Transnational Business from the University of the Pacific, McGeorge School of Law, in 1991 and 1993, respectively. As part of her Masters of Law in Transnational Business, she interned at the law firm of Loeff Claeys Verbeke in Rotterdam, the Netherlands in 1991.

*Skills and Qualifications:* As General Counsel, Ms. McGlasson offers extensive knowledge in several important strategic areas, including innovative problem-solving related to global risks and opportunities. Her legal expertise also helps NetSol navigate cross-cultural and cross-border opportunities.

**IAN SMITH** was nominated to the Board of Directors for the first time in June 2025. Mr. Smith brings over 30 years' experience in the financial services industry. As a highly experienced international CEO, with BMW Group's largest financial services business/region, he was responsible and accountable for a greater than $50 billion balance sheet and P&L of over $600 million net operating income per year. He held various roles with BMW Group but most significantly as Chief Executive Officer for BMW Group Financial Services-USA and the Americas from January 2017 through December 2021. He is currently an investor in and President of MIP, Inc., a medical textiles business operating in the UK, Germany, Canada and other international markets. Mr. Smith received his BTEC National Diploma, Business & Finance at Wigan College of Technology in 1989. He completed the Professional Management Foundation Program at the Institute of Personnel Management in 1991. He received a postgraduate certificate from Edinburgh Business School, Heriot-Watt University in 2006 and finally a Certificate in Company Direction from the Institute of Directors in 2013. Mr. Smith has board experience and currently serves as an advisory board member of Spring Free EV, a US-based Fintech Company. Mr. Smith is a member of the Audit and Compensation Committees and is chair of the Nominating and Corporate Governance Committee.

*Skills and Qualifications*: Mr. Smith brings to the Board a seasoned expertise in automotive financial services strategy, a depth of experience in product advancement through digitization and versatile and proven management proficiency.

**RICHARD HOWARD** was elected to the Board of Directors in June 2026. Mr. Howard served as President and CEO of Daimler Truck Financial Services for North America and Asia from 2021 to 2024, overseeing a ~$16 billion portfolio and ~850 employees. He led a major operating-model and digital transformation that improved customer experience, reduced cost-to-serve, and delivered sustained revenue growth and ROE above 20%. He also expanded the business into new mobility and service models and established strategic partnerships supporting sustainable transportation.

From 2014 to 2021, Mr. Howard served as Senior Vice President for the Freightliner brand at Daimler Truck North America, directing global Sales, Product Strategy, and Marketing for a ~$20 billion business. He sustained market leadership, doubled return on sales through a focused commercial strategy, and led a 900-person global organization.

Mr. Howard has extensive board of directors' service experience. He has served on the Boards of Directors of Mercedes-Benz and Daimler Financial Services entities across the United Kingdom, China, Hong Kong, Australia, Japan, Korea, India, South Africa, and Taiwan, providing governance oversight across multiple regulated international markets from 2010 to the present. Collectively, his board service demonstrates a strong record of international leadership, disciplined oversight, and the ability to navigate complex regulatory and cultural environments.

Mr. Howard holds an MBA from Aston Business School in England; a BA (Hons) from Birmingham City University, United Kingdom; and has completed executive programs at Harvard Business School, INSEAD, Northwestern University, and The Wharton School. Mr. Howard is the Chair of the Compensation Committee, and a member of the Audit, Nominating and Corporate Governance Committees.

*Skills and Qualifications*: Mr. Howard brings deep global financial services expertise, multi-jurisdictional board experience, and a strong record in governance, risk oversight, strategic planning, and leading complex organizations across mature and emerging markets.

**SYED KAUSAR KAZMI** joined the Board of Directors in 2019. Mr. Kazmi has over 40 years of expertise in the banking industry and is currently the Head of Commercial Banking and Business Development at Habib Bank Zurich PLC, located in London, where he has served in this capacity since 2016. Prior to this position, Mr. Kazmi served as the Head of Business Development for UK and Europe at Habib Bank AG Zurich in London from 2012-2016, before which Mr. Kazmi was the CEO of the UK operations of Habib Bank AG Zurich from 2009-2012. In 2018, Mr. Kazmi was awarded by Power 100, Parliamentary Review in association with The British Publishing Company a “Lifetime Achievement Award” for his significant and lasting impact on the banking sector. In addition, Mr. Kazmi has been awarded by the Asian Media Group the ‘GG2 Power List’ celebrating Britain’s 101 most influential Asians from 2016-2018.

Mr. Kazmi received his BSc in Chemical Engineering with Second Class Honors from Habib Institute of Technology in 1974. He sits on the board of many charitable organizations, with a focus on helping raise funds. Mr. Kazmi is the Chair of the Audit Committee and is a member of the Nominating and Corporate Governance and Compensation Committees.

*Skills and Qualifications*: Mr. Kazmi has strong financial services and management expertise. He directs the operations of a financial services business, expanding its focus on business development.

**AAMIR IBRAHIM** was elected to the Board of Directors in June 2026. Mr. Ibrahim is an internationally recognized business leader with more than 25 years of experience in telecommunications, technology, and digital financial services across both emerging and developed markets. He has served as President & CEO of Jazz (VEON Pakistan) since 2016, where he has led the company’s transformation into Pakistan’s largest digital operator, delivering significant improvements in revenue, profitability, and market leadership while expanding into fintech and broader digital ecosystems.

Mr. Ibrahim brings substantial board-level expertise in corporate governance, digital transformation, M&A integration, and growth strategy. He has played a key role in shaping national digital and financial inclusion agendas and has held senior leadership positions at VEON and Telenor Group, where he led large-scale operational transformations across Asia. He has served on multiple boards, including Mobilink Microfinance Bank, and has contributed to public-sector and industry bodies focused on innovation, telecom regulation, and digital infrastructure.

Mr. Ibrahim holds an MBA from IMD Switzerland and completed the Executive Management Program at Harvard Business School. He is the Chair of the Cybersecurity Committee and a member of the Audit, Nominating and Corporate Governance, and Compensation Committees.

In recognition of his contributions to Pakistan’s digital and technology landscape, Mr. Ibrahim has been awarded the Hilal-i-Imtiaz, an award given by the Government of Pakistan to recognize individuals who have made an especially meritorious contributions in the fields of literature, arts, sports, medicine and science.

*Skills and Qualifications*: Mr. Ibrahim is widely regarded for his strategic insight, global perspective, and commitment to governance, innovation, and sustainable growth.

***MARK CATON** served on the Board of Directors from 2007-2026. Mr. Caton's term ended in June 2026. Mr. Caton is currently President of Centela Capital, Inc., a diversified financial services company, a position he has held since 2006. Prior to joining Centela Capital, Mr. Caton was President of NetSol Technologies USA, responsible for US sales, from June 2002 to December 2003. Mr. Caton was previously employed by ePlus from 1994 to 2002 as Senior Vice President-Business Development. He was a member of the UCLA Alumni Association Board of Directors and served on the Board of Directors of NetSol from 2002-2005. Mr. Caton served as the Chair of the Compensation Committee and a member of the Audit, Nominating and Corporate Governance, and Cybersecurity Committees until the end of his term, 2026. Mr. Caton received his BA from UCLA in psychology in 1971.

*Skills and* Qualifications: Mr. Caton served the Board with his 46 years of experience in sales, marketing and management in the financial leasing and software industries.

***MALEA FARSAI** served on the Board of Directors from 2018-2026 and is currently the Company's Corporate Counsel. Before joining NetSol in March 2000, Ms. Farsai was an associate at the law firm of Horwitz and Beam where she represented both domestic and international private and public clients from technology to apparel in various transactions from 1996-2000. She has also worked on the formation of business startups and IPOs. Ms. Farsai was on the team that took NetSol public and is the one who listed NetSol on Nasdaq in 1999 and has maintained its listing since then to current. After more than two decades with the Company, Ms. Farsai continues to work part-time as Corporate Counsel overseeing the Company's insurance as well as day-to-day corporate legal needs. She has also obtained many of NetSol's various trademarks. Ms. Farsai served as Chair of the Board's Cybersecurity Committee for three years, where she provides oversight into the Company's insurance strategy and ensures the Board is apprised of the ongoing implementation of enterprise-wide cybersecurity processes and procedures. She has also been on the team leading the centralization of AI platforms globally for NetSol. She has effectively established a 501(c)(3) foundation for NetSol to continue its charitable work globally. Ms. Farsai received her B.A. degree from University of California, Irvine and her J.D. in 1996, and has been a member of the California State Bar since 1996. She serves as the Chair and board member of various charitable organizations in Los Angeles.

*Skills and Qualifications:* Ms. Farsai has served the Company and its legal department since its inception and has a breadth of knowledge and understanding about NetSol's business through her role as Corporate Counsel. She also has an understanding of Public Company corporate governance as well as the management and retention of a diverse group of employees. Ms. Farsai continues to lead the insurance procurement for the Company as well as ensuring processes and procedures are implemented in accordance with the Company's cybersecurity and AI initiatives.

## CORPORATE GOVERNANCE

*Code of Ethics & Insider Trading Policy*

The Company adopted its Code of Ethics and Business Conduct, as amended and restated on September 9, 2013, applicable to every officer, director and employee of the Company, including, but not limited to the Company's principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. Our Code of Business Conduct & Ethics has been posted on our website and may be viewed at https://netsoltech.com/about-us/csr. Our Company has an Insider Trading Policy which explains the insider trading rules to all employees and proscribes employee conduct as it relates to trading in shares of stock of the Company. Our insider trading policy is set forth in full in the Company's Code of Ethics and Business Conduct.

*Audit Committee*

The Company has an Audit Committee consisting of the independent directors of the Company. Following the fiscal year 2025 Annual Meeting of Shareholders held in June 2026 and the subsequent appointment of committee members, the Audit Committee currently consists of Richard Howard, Aamir Ibrahim, Kausar Kazmi and Ian Smith. Mr. Kazmi serves as the Audit Committee Chair.

*Audit Committee Financial Expert*

The Company has identified its audit chairperson, Mr. Kausar Kazmi as its Audit Committee financial expert. Mr. Kazmi is an independent board member as the term is defined in the Nasdaq Listing Rules. Mr. Kazmi's over 40 years of experience in the banking industry including his current tenure as Head of Commercial Banking and Business Development for UK and Europe for Habib Bank AG Zurich as well as his service as a board member on various charities as the board member responsible for fundraising, provides him with an understanding of generally accepted accounting principles and financial reporting. Additionally, this experience provides an ability to assess the general application of accounting principles in connection with the accounting for estimates, accruals and reserves; experience analyzing financial statements that were comparable in the breadth and complexity of issues that can be reasonably expected to be raised by the Company's financial statements; an understanding of internal control over financial reporting; and an understanding of audit committee functions.

**ITEM 11-EXECUTIVE COMPENSATION**

**Introduction**

Our Compensation Committee is responsible for establishing and overseeing compensation programs that comply with NetSol's executive compensation philosophy. As described in this Compensation Discussion and Analysis ("CD&A"), the Compensation Committee follows a disciplined process for setting executive compensation. This process involves analyzing factors such as company performance, individual performance, strategic goals and competitive market data to arrive at each element of compensation. The Compensation Committee approves compensation decisions for all executive officers. When needed an independent compensation consultant helps the Compensation Committee by providing advice, information, and an objective opinion. This CD&A will focus on the compensation awarded to NetSol's "named executive officers"—the Chief Executive Officer, Chief Financial Officer, and General Counsel, Corporate Secretary. You can find more complete information about all elements of compensation for the named executive officers in the following discussion and in the Summary Compensation table that appears on page 42.

**Fiscal 2026 Executive Compensation Highlights and Governance**

This section identifies the most significant decisions and changes made regarding NetSol's executive compensation in fiscal year 2026.

***Shareholder Approval of Compensation***

At the last annual general meeting held on June 18, 2026, shareholders expressed support for our executive compensation programs, with 77% of votes cast at the meeting voting to ratify the compensation of our named executive officers. Although the advisory shareholder vote on executive compensation is non-binding, the Compensation Committee has considered, and will continue to consider, the outcome of the vote and the sentiments of our shareholders when making future compensation decisions for the named executive officers. Based on the results from our last annual general meeting, the Compensation Committee believes shareholders support the Company's executive compensation philosophy and the compensation paid to the named executive officers.

Considering the support of this plan at the June 18, 2026, Annual Shareholders Meeting, the Compensation Committee believes the compensation program meaningfully explains the Compensation Committee's compensation decisions and its determination to tie long term incentives of the Chief Executive Officer to performance criteria. The Compensation Committee continues to reach out to its shareholders regarding their positions on the Company's compensation program. In connection with the proxy solicitations, the executive compensation was discussed with certain of our top shareholders and their general acceptance of the compensation structure is reflected in the proxy vote results. Accordingly, the Compensation Committee will continue to provide the CEO with a bonus criterion that is based on total revenues and income from operations on a graduated basis. Bonuses would be paid 60% in cash and 40% in stock valued at the share price on June 30$^{th}$ of the fiscal year in which it was earned.

***Governance and Evolving Compensation Practices***

The Compensation Committee and the Board are aware of evolving practices in executive compensation and corporate governance. In response, we have adopted and/or maintained certain policies and practices that are in keeping with "best practices" in many areas. For example:

● The Compensation Committee may periodically engage an independent compensation consultant to evaluate our chief executive officer's executive compensation practices in comparison to a peer group.

● We do not provide excessive executive perquisites to our named executive officers.

● Our incentive plans expressly prohibit repricing of options (directly or indirectly) without prior shareholder approval.

● Our policy on the prevention of insider trading prohibits various types of transactions involving Company stock or securities, including short sales, options trading, hedging, margin purchases and pledges.

● Our stock ownership guidelines require our executive officers to align their long-term interests with those of our stockholders.

● Our policy prohibits the named executive officers from selling any newly issued shares for a period of three months, in an open market transaction.

● Beginning with our fiscal year 2019 to current, we modified our compensation practices for our CEO to tie a significant portion to financial results both on a top line and bottom-line basis.

***General Compensation Overview***

For 2026, compensation designed for our executive officers consisted of:

- Base Salary
- Cash awards at the discretion of the Compensation Committee
- Stock purchase options; and
- Ability to participate generally in all group health and welfare benefit programs and tax-qualified retirement plans on the same basis as applicable to all our employees.

In response to discussions, we have had with certain shareholders and given the percentage voting in favor of our executive compensation, beginning with the 2019 fiscal year, Chief Executive Officer compensation shall consist of:

- Base Salary
- Short-term cash awards conditioned upon achieving objective performance targets
- Long-term equity in the form of time and objective performance targets; and
- Ability to participate generally in all group health and welfare benefit programs and tax-qualified retirement plans on the same basis as applicable to all our employees.

The Compensation Committee administers the cash and non-cash compensation programs applicable to our executive officers. The Compensation Committee makes all decisions about executive officer compensation for the Chief Executive Officer and the remaining named executives after discussion with our Chief Executive Officer about his direct reports. The Compensation Committee has often refined the direct reports' compensation recommendations made by the Chief Executive Officer. Our Chief Executive Officer's compensation is determined solely by the Compensation Committee, which, consistent with Nasdaq requirements, is comprised exclusively of independent directors, and the Chief Executive Officer does not participate in Committee decisions surrounding his compensation.

***Independent Compensation Consultant***

The Compensation Committee retained Compensation Resources, Inc. as its independent compensation consultant in prior years. Compensation Resources, Inc., when consulted, provides chief executive officer and director compensation consulting services to the Compensation Committee, including a competitive market analysis of peers and the base salary, total cash compensation and total direct compensation. Interactions with Compensation Resources was limited to the Compensation Committee Chair and interaction with executives was generally limited to discussions as required to compile information at the Compensation Committee's direction. During the past two fiscal years, Compensation Resources did not provide services to the Company, as there were no material changes to any executive's compensation.

***Compensation Philosophy and Objectives***

Our executive compensation philosophy calls for competitive total compensation that will reward executives for achieving individual and corporate performance objectives and will attract, motivate and retain leaders who will drive the creation of shareholder value. It incorporates elements that create shareholder value by driving financial performance, retaining a high-performing and talented executive team, and aligning the interests of the executive team with the interests of shareholders. The Compensation Committee reviews the compensation and benefit programs for executive officers, including the named executive officers, and performs an annual assessment of the Company's executive compensation policy. In determining total compensation, the Compensation Committee considers the objectives and attributes described below.

| Executive Compensation Principles | | |
|---|---|---|
| Shareholder Alignment | ● | Our executive compensation programs are designed to create shareholder value. |
| | ● | Long-term incentive awards, delivered in the form of equity, make up a portion of our executives' total compensation and closely align the interests of executives with the long-term interests of our shareholders. Our policy prohibits the named executive officers from selling any newly issued shares for a period of three months, on an open market transaction. |
| Performance based | ● | Long-term incentive awards are designed to reward our executive officers for creating long-term shareholder value. Long-term incentive awards are granted primarily in the form of stock options and/or shares. |
| Appropriate Risk | ● | Our executive compensation programs are designed to encourage executive officers to take appropriate risks in managing their businesses to achieve optimal performance. |
| Competitive with external talent markets | ● | Our executive compensation programs are designed to be competitive within the relevant markets. |
| Simple and transparent | ● | Our executive compensation programs are designed to be readily understood by our executives, and transparent to our investors. |

***Compensation Analysis Peer Group***

After consideration of business models, company revenue and market capitalization of other companies in the Company's technology industry segment, and with the input from Compensation Resources, Inc., the compensation consultant used by the Company at the time the study was last conducted, the Compensation Committee established the following list of peer companies to provide a comparative framework for use in setting executive compensation:

Logility Supply Chain Solutions, Inc.
Cass Information Systems
Digital Turbine, Inc.
Mitek Systems, Inc.
SPS Commerce Inc.

***Executive Officer Base Salaries and Compensation Comparisons***

Compensation plans are developed by utilizing publicly available compensation data in the information technology and software services industries. We believe that the practices of these groups of companies provide us with appropriate compensation benchmarks, because these groups of companies are in similar businesses and tend to compete with us for executives and other employees. For benchmarking executive compensation, we typically review the compensation data we have collected from these groups of companies, as well as a subset of the data from those companies that have a similar number of employees as the Company. The Compensation Committee determines the appropriate compensation packages in addition to considering the unique global scale of the Company's business. While considering consultants' general recommendations about the size and components of compensation, other publicly available compensation information, peer groups and alike, we believe our philosophy to continue based on a pay-for-performance is the best framework for setting executive compensation.

In establishing the compensation of our named Chief Executive Officer and President, we based the amounts primarily on the market data and advice provided by Compensation Resources, Inc. with respect to the compensation paid to individuals who perform substantially similar functions within the peer group companies. In connection with the other named executive officers, we also relied on the recommendations of the Chief Executive Officer's analysis relative to those individuals' performance and compensation. We also examined the outstanding stock options and equity grants held by the executive officers for the purpose of considering the retention value of any additional equity awards.

As a general guideline, for our named executive officers, we aim to set base salary, cash compensation and total compensation at approximately the mean market range. Our analysis determined that the base salary of our Chief Executive Officer was slightly above the mean, cash compensation was generally within the mean, but the total direct compensation was below the mean. As such, it was determined to develop a long-term, performance-based element of the compensation that brought the total direct compensation within the mean.

***2026 Executive Compensation Components***

***Base Salary***

An executive's base salary is a fixed element of the executive's compensation intended to attract and retain executives. It is evaluated together with components of the executive's other compensation to ensure that the executive's total compensation is consistent with our overall compensation philosophy. Base salaries are adjusted annually by the Compensation Committee.

The base salaries were established in arms-length negotiations between the executive and the Company, considering their extensive experience, knowledge of the industry, track record, and achievements on behalf of the Company. The Company expects each named executive officer to contribute to the Company's overall success as a member of the executive team rather than focus solely on specific objectives within the officer's area of responsibility.

Najeeb Ghauri's base salary for fiscal year 2026 was $840,000 and in addition he received $200,000 in allowances. Najeeb Ghauri's base salary will remain the same for fiscal year 2027. Naeem Ghauri's base salary for FY 2026 was $1,080,000 and his base salary will remain the same for fiscal year 2027. Sardar Abubakr's current base salary is AED 570,000 (approximately $155,000), and he will receive additional allowances of AED 459,000 (Approximately $125,000), and his salary will remain the same for fiscal year 2027. Roger Almond's base salary for fiscal year 2026 was $281,875, and his salary will remain the same for fiscal year 2027. Patti McGlasson's salary for fiscal year 2026 was $258,620, and her base salary will remain the same for fiscal year 2027

***Annual Bonus***

Our compensation program includes eligibility for bonuses as rewarded by the Compensation Committee. All executives are eligible for annual performance-based cash bonuses in accordance with Company policies. The Compensation Committee takes into consideration the executive's performance during the previous year to determine eligibility for discretionary bonuses. Further, the Compensation Committee will review, if applicable, the performance criteria set forth in an executive's previous year's agreement and will determine if the executive has met such criteria to achieve the bonus. The Company's bonus criteria at the executive management level is typically based on a gross revenue and income from operations targets. Cash bonuses, if any for 2026 are reflected in the summary of compensation table on page 42. For 2026, based on structured key performance indices (KPI)') by the Compensation Committee, Mr. Ghauri earned a bonus of $519,570. See bonus structure as discussed below on page 40. The Compensation Committee determined that Gross Revenue and Income from Operations structure used in fiscal 2026 continues to be a proper measure for measuring Mr. Ghauri's performance in that it encourages his participation in revenue-generating activities and continues to incentivize him to monitor and maximize cost efficiency.

***Long-Term Equity Incentive Compensation***

We believe that long-term performance is achieved through an ownership culture that encourages long-term participation by our executives in equity-based awards. Because base salary and equity awards are such basic elements of compensation within our industry, as well as the high technology and software industries in general, and are generally expected by employees, we believe that these components must be included in our compensation mix for us to compete effectively for talented executives. We award time based vested stock from our Equity Incentive Plans for several reasons. First, such awards facilitate retention of our executives. Restricted stock generally vests only if the executive remains employed by the Company. Second, time-based stock awards align executive compensation with the interests of our shareholders and thereby focuses executives on increasing value for the shareholders. Time vested stock generally only provides a superior return if the stock price appreciates, and results in materially less dilution to the shareholders than options while frequently providing equivalent value to the employee at less cost to the Company than options. In determining the number of shares to be granted to executives, we consider the individual's position, scope of responsibility, ability to affect profits and shareholder value, past and recent performance, and the estimated value of shares at the time of grant. Assuming individual performance at a level satisfactory to the Compensation Committee, the size of total equity compensation is generally targeted at the 50th percentile for the peer group. As indicated above, market data, including compensation percentiles, were among several factors the committee reviewed in determining compensation.

Equity incentives provided to executives are determined by the Fair Market Value of our common stock on the grant date. Each executive's stock award was based on an analysis of the Compensation Committee of an appropriate overall cash compensation for each individual considering their position and compensation at similarly situated companies. Each executive's stock award was based on a desired overall compensation cash value less the base salary as approved by the Compensation Committee.

Mr. Najeeb Ghauri is eligible to receive grants of shares based on the performance criteria connected to gross revenues and net income from operations as discussed below. The total compensation, including equity grants, is designed to bring the Chief Executive Officer to the mean market average.

Mr. Ghauri's bonus for fiscal year 2026 shall be based on total revenues and income from operations on a graduated basis. The following table demonstrates the graduated percentage of bonus that Mr. Ghauri will be eligible to earn based on the percentage of the goal achieved. Bonuses will be paid 60% in cash and 40% in shares of common stock valued on June 30 of the fiscal year in question. The bonus shall be calculated based on the increase in annual revenues compared to the baseline revenue. The baseline revenue for the purpose of this bonus calculation shall be defined as the highest annual revenue achieved in any previous year beginning with Fiscal Year End June 30, 2025. Under no circumstances shall the baseline revenue be adjusted downward, even if annual revenues in subsequent years fall below this highest annual revenue mark.

| | Allocated Bonus % | % of Bonus | 25% | 50% | 100% | 125% | 150% | 175% | 200% |
|---|---|---|---|---|---|---|---|---|---|
| Net revenues | 55% | Increase in revenues | 5% | 10% | 15% | 20% | 25% | 30% | 35% |
| Bonus Earned | | | $ 82,500 | $ 165,000 | $ 330,000 | $ 412,500 | $ 495,000 | $ 577,500 | $ 660,000 |
| | | % of Bonus | 25% | 50% | 100% | 125% | 150% | 175% | 200% |
| Income from Operations | 45% | Income from Operations % | 5.0% | 7.5% | 10.0% | 12.5% | 15.0% | 17.5% | 20.0% |
| Bonus Earned | | | $ 67,500 | $ 135,000 | $ 270,000 | $ 337,500 | $ 405,000 | $ 472,500 | $ 540,000 |
| Total Bonus | | | $ 150,000 | $ 300,000 | $ 600,000 | $ 750,000 | $ 900,000 | $ 1,050,000 | $ 1,200,000 |

***Perquisites and Other Personal Benefits***

We provide named executive officers with perquisites and other personal benefits that we believe are reasonable and consistent with our overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Compensation Committee periodically reviews the level of perquisites and other personal benefits provided to NetSol's executive officers.

We maintain benefits and perquisites that are offered to all employees, including health and dental insurance. Benefits and perquisites may vary in different country locations and are consistent with local practices and regulations.

***Termination Based Compensation***

Upon termination of employment, all executive officers with a written employment agreement are entitled to receive severance payments under their employment agreements. In determining whether to approve, and as part of the process of setting the terms of, such severance arrangements, the Compensation Committee recognizes that executives and officers often face challenges securing new employment following termination. Further, the Committee recognizes that many of the named executives and officers have participated in the Company since its founding and that this participation has not resulted in a return on their investments. Termination and Change in Control Payments considered both the risk and the dedication of these executives' service to the Company.

Our Chief Executive Officer has an employment agreement that provides, if his employment is terminated without cause or if the executive terminates the agreement with Good Reason, he is entitled to (a) all remaining salary to the end of the date of termination, plus salary from the end of the employment term through the end of the fourth anniversary of the date of termination, and (b) the continuation by the Company of medical and dental insurance coverage for him and his family until the end of the employment term and through the end of the fourth anniversary of the date of termination. Provided, however, if such benefits cannot be continued for this extended period, the Executive shall receive cash (including a tax-equivalency payment for Federal, state and local income and payroll taxes assuming Executive is in the maximum tax bracket for all such purposes) where such benefits may not be continued. These agreements further provide for vesting of all options and restrictive stock grants, if any.

Our Chief Accounting Officer has an employment agreement that provides, if his employment is terminated without cause or if the executive terminates the agreement with Good Reason, he is entitled to (a) all remaining salary to the end of the date of termination, plus salary from the end of the employment term through the end of the second anniversary of the date of termination, and (b) the continuation by the Company of medical and dental insurance coverage for him and his family until the end of the employment term and through the end of the second anniversary from the date of termination. Provided, however, if such benefits cannot be continued for this extended period, the Executive shall receive cash (including a tax-equivalency payment for Federal, state and local income and payroll taxes assuming Executive is in the maximum tax bracket for all such purposes) where such benefits may not be continued. These agreements further provide for vesting of all options and restrictive stock grants, if any.

The Secretary of the Company has an employment agreement that provides, if she is terminated without cause or if the executive terminates the agreement with Good Reason, she is entitled to (a) all remaining salary to the end of the date of termination, plus salary from the end of the employment term through the end of the second anniversary of the date of termination, and (b) the continuation by the Company of medical and dental insurance coverage for her and her family until the end of the employment term and through the end of the second anniversary of the date of termination. Provided, however, if such benefits cannot be continued for this extended period, the Executive shall receive cash (including a tax-equivalency payment for Federal, state and local income and payroll taxes assuming Executive is in the maximum tax bracket for all such purposes) where such benefits may not be continued. These agreements further provide for vesting of all options and restrictive stock grants, if any.

These agreements were designed to assist in the retention of the services of our named executives and to determine in advance the rights and remedies of the parties in connection with any termination. The types and amounts of compensation and the triggering events set forth in these agreements were based on a review of the terms and conditions of normal and customary agreements in our competitive marketplace.

**Tax and Accounting Implications**

***Deductibility of Executive Compensation***

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that we may not deduct compensation of more than $1,000,000 that is paid to certain individuals. The Compensation Committee is aware of the limitations imposed by Section 162(m) and considers the issue of deductibility when and if circumstances warrant. The committee reviews proposed compensation plans in light of applicable tax deductions, and generally seeks to maximize the deductibility for tax purposes of all elements of compensation. However, the committee may approve compensation that does not qualify for deductibility, including stock option and time-based restricted stock awards, if and when, the committee deems it to be in the best interests of the Company and our shareholders.

***Accounting for Stock-Based Compensation***

We account for stock-based payments, including awards under our Employee Stock Option Plans, in accordance with the of Financial Accounting Standards Board's Accounting Standards Codification Topic 718, *Compensation – Stock Compensation*.

**Summary Compensation**

The following table shows the compensation for the fiscal years ended June 30, 2026 and 2025, earned by our Chairman and Chief Executive Officer, our President, our Chief Financial Officer who is our Principal Financial and Accounting Officer, and others considered to be executive officers of the Company.

| Name and Principle Position | Fiscal Year Ended | Salary ($) | Bonus ($) | Stock Awards ($) (1) | Option Awards ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Najeeb Ghauri | 2026 | $ 840,000 | $ 519,570 (2) | $ - | $ - | $ 228,000 (3) | $ 1,587,570 |
| CEO & Chairman | 2025 | $ 840,000 | $ 210,340 (2) | $ - | $ - | $ 230,400 (3) | $ 1,280,740 |
| Naeem Ghauri | 2026 | $ 1,162,166 (4) | $ - (5) | $ - | $ - | $ 52,088 (6) | $ 1,214,254 |
| President | 2025 | $ 1,045,714 (4) | $ 250,000 (5) | $ - | $ - | $ 46,566 (6) | $ 1,342,280 |
| Sardar Abubakr | 2026 | $ 140,098 (7) | $ 15,000 (7) | $ - | $ - | $ - | $ 155,098 |
| Chief Financial Officer | 2025 | $ - | $ - | $ - | $ - | $ - | $ - |
| Roger K Almond | 2026 | $ 281,875 | $ - | $ - | $ - | $ 37,808 (8) | $ 319,683 |
| Chief Accounting Officer | 2025 | $ 275,000 | $ 25,000 | $ - | $ - | $ 38,058 (8) | $ 338,058 |
| Patti L. W. McGlasson | 2026 | $ 258,620 | $ - | $ - | $ - | $ 33,547 (9) | $ 292,167 |
| Secretary, General Counsel | 2025 | $ 252,312 | $ - | $ - | $ - | $ 33,043 (9) | $ 285,355 |

(1) There were no stock awards during the two years presented.

(2) Bonus was awarded based on Mr. Ghauri's bonus structure as detailed on page 40.

(3) Per Mr. Najeeb Ghauri's compensation agreement, other compensation includes a fixed allowance of $200,000 to cover perquisites and benefits such as car allowance, insurance premiums, and home office allowance. In addition, other compensation includes Company contributions under the 401(k) plan for the fiscal years ended June 30, 2026, and 2025.

(4) Consists of $1,080,00 and $815,714 base salary and $82,166 and $230,000 commission for the fiscal years ended June 30, 2026, and 2025, respectively.

(5) Per Mr. Naeem Ghauri's compensation agreement, he received $nil and $250,000 in bonus for the fiscal years ended June 30, 2026, and 2025, respectively.

(6) Consists of employer-paid health and dental insurance premiums for the fiscal years ended June 30, 2026, and 2025.

(7) Reflects the salary earned from January 20, 2026, his date of hire, through June 30, 2026. The bonus amount represents a $15,000 signing bonus pursuant to his compensation agreement.

(8) Consists of employer-paid medical and dental insurance premiums and the Company contributions under the 401(k) plan for the fiscal years ended June 30, 2026, and 2025.

(9) Consists of employer-paid medical and dental insurance premiums and the Company contributions under the 401(k) plan for the fiscal years ended June 30, 2026, and 2025.

**Grants of Plan-Based Awards**

There were no stock grants during the two years presented.

**Discussion of Summary Compensation Table**

The terms of our executive officers' compensation are derived from our employment agreements with them and the annual performance review by our Compensation Committee. The terms of Mr. Najeeb Ghauri's employment agreement with the Company were the result of negotiations between the Company and the executive and were approved by our Compensation Committee and Board of Directors. The terms of Ms. McGlasson's and Mr. Almond's employment agreements with the Company were the result of negotiations between our Chief Executive Officer and the employees and were approved by our Compensation Committee.

***Employment Agreement with Najeeb Ghauri***

Effective July 1, 2024, the Company entered into an amended and restated employment agreement with our Chief Executive Officer, Najeeb Ghauri (the "CEO Agreement"). The CEO Agreement was amended solely to place the base salary and bonus structure for Mr. Ghauri into the Appendix to the CEO Agreement. All other material terms remain unchanged from the agreement entered into with Mr. Ghauri in January 1, 2007, and amended thereafter. Pursuant to the CEO Agreement between Mr. Ghauri and the Company the Company agreed to employ Mr. Ghauri as its Chief Executive Officer for a five-year term. The term of employment automatically renews for 12 additional months unless notice of intent to terminate is received by either party at least 6 months prior to the end of the term. For the fiscal year 2026, Mr. Ghauri is entitled to an annualized compensation of $1,040,000 consisting of salary, allowances, perquisites and benefits, and is eligible for annual bonuses based on the bonus structure adopted by the Compensation Committee as described in Item 11 under Executive Compensation beginning on page 36. For fiscal year 2027, Mr. Ghauri's annualized compensation consisting of salary, allowance, perquisites and benefits will be $1,040,000. Mr. Ghauri is entitled to six weeks of paid vacation per calendar year.

The CEO Agreement also includes provisions respecting severance, non-solicitation, non-competition, and confidentiality obligations. Pursuant to the CEO Agreement, if he terminates his employment for Good Reason (as described below), or, is terminated prior to the end of the employment term by the Company other than for Cause (as described below) or death, he shall be entitled to all remaining salary from the termination date until 48 months thereafter, at the rate of salary in effect on the date of termination, immediate vesting of all options and continuation of all health related plan benefits for a period of 48 months. He shall have no obligation to seek other employment and any income so earned shall not reduce the foregoing amounts. If he is terminated by the Company for Cause (as described below), or at the end of the employment term, he shall not be entitled to further compensation. Under the CEO Agreement, Good Reason includes the assignment of duties inconsistent with his title, a material reduction in salary and perquisites, the relocation of the Company's principal office by 30 miles, if the Company asks him to perform any act which is illegal, including the commission of a crime or act of moral turpitude, or a material breach of the CEO Agreement by the Company. Under the CEO Agreement, Cause includes conviction of crime involving moral turpitude, failure to perform his duties to the Company, engaging in activities which are directly competitive to or intentionally injurious to the Company, or any material breach of the CEO Agreement by Mr. Ghauri.

The above summary of the CEO Agreement is qualified in its entirety by reference to the full text of the CEO Agreement, a copy of which was filed as an exhibit to the Company's 10-K for the fiscal year ended June 30, 2025.

***Employment Agreement with Sardar Abubakr***

Effective January 20, 2026, the Company appointed Sardar Abubakr as our Chief Financial Officer. According to the terms of his engagement, Mr. Abubakr is entitled to an annualized base salary of AED 570,000 (approximately $155,000) and additional allowances of AED 459,000 (approximately $125,000). Mr. Abubakr is also entitled to a signing bonus of AED 55,100 (approximately $15,000), and a one-time relocation allowance of AED 40,000 (approximately $11,000). In addition, Mr. Abubakr and his family will be provided health insurance coverage. Mr. Abubakr is eligible for an annual bonus based on certain KPI's. Mr. Abubakr is entitled to 30 calendar days of annual leave and UAE statutory public holidays. He may be terminated upon three months' written notice. During the notice period, the Company may assign reduced or alternative duties, place Mr. Abubakr on garden leave or pay him in lieu of all or a portion of the notice period. The Company may terminate his employment immediately in accordance with USE labor laws in the event of a serious breach of the terms of his employment or gross misconduct. His obligations include confidentiality and restrictive covenant provisions. During his employment, Mr. Abubakr may not engage in other business without the Company's prior written consent. For a period of three months following termination, he is subject to certain restrictions on engaging in a competing business in Dubai with respect to activities he performed for the Company during the 12 months preceding termination. His engagement terms are governed by UAE labor laws.

***Employment Agreement with Roger K. Almond***

Effective July 1, 2024, the Company entered into an amended and restated employment agreement with our Chief Accounting Officer, Roger Almond (the "CAO Agreement"). The CAO Agreement was amended solely to place the base salary for Mr. Almond into the Appendix to the CAO Agreement. All other material terms remain unchanged from the agreement entered into with Mr. Almond on March 1, 2015, and amended thereafter. According to the terms of the CAO Agreement, the term of the agreement automatically extends for an additional one-year period unless notice of intent to terminate is received by either party at least 6 months prior to the end of the term. For the fiscal year 2026, Mr. Almond was entitled to an annualized base salary of $281,875 per annum, and eligible for annual bonuses at the discretion of the Chief Executive Officer. Mr. Almond's salary for the fiscal year 2027 will be $281,875, and is eligible for annual bonuses at the discretion of the Chief Executive Officer. In addition, Mr. Almond is entitled to participate in the Company's equity incentive plans and is entitled to six weeks of paid vacation per calendar year.

The CAO Agreement also includes provisions respecting severance, non-solicitation, non-competition, and confidentiality obligations. Pursuant to the CAO Agreement, if he terminates his employment for Good Reason (as described below), or, is terminated prior to the end of the employment term by the Company other than for Cause (as described below) or death, he shall be entitled to all remaining salary from the termination date until 24 months thereafter, at the rate of salary in effect on the date of termination, immediate vesting of all options and continuation of all health-related plan benefits for a period of 24 months. He shall have no obligation to seek other employment and any income so earned shall not reduce the foregoing amounts. If he is terminated by the Company for Cause (as described below), or at the end of the employment term, he shall not be entitled to further compensation. Under the CAO Agreement, Good Reason includes the assignment of duties inconsistent with his title, a material reduction in salary and perquisites, the relocation of the Company's principal office by 60 miles, if the Company asks him to perform any act which is illegal, including the commission of a crime or act of moral turpitude, or a material breach of the CAO Agreement by the Company. Under the CAO Agreement, Cause includes conviction of crime involving moral turpitude, failure to perform his duties to the Company, engaging in activities which are directly competitive to or intentionally injurious to the Company, or any material breach of the CAO Agreement by Mr. Almond.

The above summary of the CAO Agreement is qualified in its entirety by reference to the full text of the CAO Agreement, a copy of which was filed as an exhibit to the Company's 10-K for the fiscal year ended June 30, 2025.

***Employment Agreement with Patti L. W. McGlasson***

Effective July 1, 2024, the Company entered into an amended and restated employment agreement with our Secretary, General Counsel and Senior Vice President, Legal and Corporate Affairs, Patti L. W. McGlasson (the "GC Agreement"). The GC Agreement was amended solely to include Ms. McGlasson's current title and to place the base salary for Ms. McGlasson into the Appendix to the GC Agreement. All other material terms remain unchanged from the agreement entered into with Ms. McGlasson in January 1, 2006, and amended thereafter. Pursuant to the General Counsel Agreement, the Company agreed to employ Ms. McGlasson as its Secretary, General Counsel and Sr. Vice President of Legal and Corporate Affairs for one-year terms. According to the terms of the GC Agreement, the term of the agreement automatically extends for an additional one-year period unless notice of intent to terminate is received by either party at least 6 months prior to the end of the term. GC Agreement, Ms. McGlasson is entitled to an annualized base salary of $258,620 per annum for the fiscal year 2026 and is eligible for annual bonuses at the discretion of the Chief Executive Officer. Ms. McGlasson's salary for fiscal year 2027 will be $258,620. In addition, Ms. McGlasson is entitled to participate in the Company's equity incentive plans and is entitled to six weeks of paid vacation per calendar year.

The GC Agreement also includes provisions respecting severance, non-solicitation, non-competition, and confidentiality obligations. Pursuant to the General Counsel Agreement, if she terminates her employment for Good Reason (as described below), or, is terminated prior to the end of the employment term by the Company other than for Cause (as described below) or death, she shall be entitled to all remaining salary from the termination date until 24 months thereafter, at the rate of salary in effect on the date of termination, immediate vesting of all options and continuation of all health related plan benefits for a period of 24 months. She shall have no obligation to seek other employment and any income so earned shall not reduce the foregoing amounts. If she is terminated by the Company for Cause (as described below), or at the end of the employment term, she shall not be entitled to further compensation. Under the General Counsel Agreement, Good Reason includes the assignment of duties inconsistent with her title, a material reduction in salary and perquisites, the relocation of the Company's principal office by 60 miles, if the Company asks her to perform any act which is illegal, including the commission of a crime or act of moral turpitude, or a material breach of the General Counsel Agreement by the Company. Under the General Counsel Agreement, Cause includes conviction of crime involving moral turpitude, failure to perform her duties to the Company, engaging in activities which are directly competitive to or intentionally injurious to the Company, or any material breach of the General Counsel Agreement by Ms. McGlasson.

The above summary of the General Counsel Agreement is qualified in its entirety by reference to the full text of the GC, a copy of which was filed as an exhibit to the Company's 10-K for the fiscal year ended June 30, 2025.

**Outstanding Equity Awards at Fiscal Year-End**

As of June 30, 2026, none of our named executive officers held any outstanding unvested equity awards or unexercised stock options.

**Pension Benefits**

We do not have any qualified or non-qualified defined benefit plans.

**Potential Payments upon Termination or Change of Control**

Generally, regardless of the manner in which a named executive officer's employment terminates, the executive officer is entitled to receive amounts earned during the term of employment. Such amounts include the portion of the executive's base salary that has accrued prior to any termination and not yet been paid, and unused vacation pay.

In addition, we are required to make the additional payments and/or provide additional benefits to the individuals named in the Summary Compensation Table in the event of a termination of employment or a change of control, as set forth below.

**Change-in-Control Payments**

***Najeeb Ghauri, Chairman and Chief Executive Officer***

In the event that Mr. Ghauri is terminated as a result of a change in control, he is entitled to all payments due in the event of a termination for Cause or Good Reason and: (a) a onetime payment equal to the product of 2.99 and his salary during the preceding 12 months; (b) a one-time payment equal to the higher of (i) Executive's bonus for the previous year and (ii) one percent of the Company's consolidated gross revenues for the previous twelve (12) months; and at the election of the Executive, (c) a one-time cash payment equal to the cash value of all shares eligible for exercise upon the exercise of Executive's Options then currently outstanding and exercisable as if they had been exercised in full (the "Change of Control Termination Payment"). In the event Executive elects to receive the cash value of the shares underlying Executive's options, he shall so notify the Company of his intent.

The following table summarizes the potential payments to Mr. Ghauri assuming his employment with us was terminated, or a change of control occurred on June 30, 2026, the last day of our most recently completed fiscal year.

| BENEFITS AND PAYMENTS | TERMINATION AFTER CHANGE OF CONTROL | TERMINATION UPON DEATH OR DISABILITY | TERMINATION BY US WITHOUT CAUSE OR BY EXECUTIVE FOR GOOD REASON |
|---|---|---|---|
| Base Salary Continuance | $ 3,360,000 | $ 140,000 | $ 3,360,000 |
| Health Related Benefits | 47,040 | - | 47,040 |
| Bonus | - | - | - |
| Salary Multiple Pay-out | 2,511,600 | - | - |
| Bonus or Revenue One-time Pay-Out | 743,714 | - | - |
| Net Cash Value of Options | - | - | - |
| Total | $ 6,662,354 | $ 140,000 | $ 3,407,040 |

***Roger Almond, Chief Accounting Officer***

In the event that Mr. Almond is terminated as a result of a change in control, he is entitled to all payments due in the event of a termination for Cause or Good Reason and: (a) a onetime payment equal to the product of 2.99 and his salary during the preceding 12 months; (b) a one-time payment equal to the higher of (i) Executive's bonus for the previous year and (ii) one-half of one percent of the Company's consolidated gross revenues for the previous twelve (12) months (the "Change of Control Termination Payment").

The following table summarizes the potential payments to Mr. Almond assuming his employment with us was terminated, or a change of control occurred on June 30, 2026, the last day of our most recently completed fiscal year.

| BENEFITS AND PAYMENTS | TERMINATION AFTER CHANGE OF CONTROL | TERMINATION UPON DEATH OR DISABILITY | TERMINATION BY US WITHOUT CAUSE OR BY EXECUTIVE FOR GOOD REASON |
|---|---|---|---|
| Base Salary Continuance | $ 563,750 | $ 46,979 | $ 563,750 |
| Health related benefits | 30,552 | - | 30,552 |
| Bonus | - | - | - |
| Salary Multiple Pay-out | 842,806 | - | - |
| Bonus or Revenue One-time Pay-Out | 371,857 | - | - |
| Net Cash Value of Options | - | - | - |
| Total | $ 1,808,965 | $ 46,979 | $ 594,302 |

***Patti L. W. McGlasson, Senior V.P. of Legal and Corporate Affairs, Secretary and General Counsel***

In the event that Ms. McGlasson is terminated as a result of a change in control, she is entitled to all payments due in the event of a termination for Cause or Good Reason and: (a) a onetime payment equal to the product of 2.99 and her salary during the preceding 12 months; (b) a one-time payment equal to the higher of (i) Executive’s bonus for the previous year and (ii) one-half of one percent of the Company’s consolidated gross revenues for the previous twelve (12) months (the “Change of Control Termination Payment”).

The following table summarizes the potential payments to Ms. McGlasson assuming her employment with us was terminated, or a change of control occurred on June 30, 2026, the last day of our most recently completed fiscal year.

| BENEFITS AND PAYMENTS | TERMINATION AFTER CHANGE OF CONTROL | TERMINATION UPON DEATH OR DISABILITY | TERMINATION BY US WITHOUT CAUSE OR BY EXECUTIVE FOR GOOD REASON |
|---|---|---|---|
| Base Salary Continuance | $ 517,240 | $ 43,103 | $ 517,240 |
| Health related benefits | 25,752 | - | 25,752 |
| Bonus | - | - | - |
| Salary Multiple Pay-out | 773,274 | - | - |
| Bonus or Revenue One-time Pay-Out | 371,857 | - | - |
| Net Cash Value of Options | - | - | - |
| Total | $ 1,688,123 | $ 43,103 | $ 542,992 |

**Clawback Policy**

In 2023, the Company adopted an Executive Officer Clawback Policy (the "Clawback Policy") that complies with SEC and Nasdaq requirements and standards. The Clawback Policy requires the recovery, on a prompt and mandatory basis, of excess incentive-based compensation received by current or former executive officers during the applicable three-year period in the event the Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws. Triggering events include restatements to correct errors that are material to previously issued financial statements, or that would result in a material misstatement if corrected or left uncorrected in the current period. Excess incentive-based compensation generally means the amount of compensation received (on or after October 24, 2023) that exceeds the amount that would have been received based on the restated figures, without regard to any taxes paid. Incentive-based compensation subject to clawback includes any amounts granted, earned or vested based wholly or in part on the attainment of financial reporting measures, including performance metrics derived from stock price or total shareholder return.

**Director Compensation**

***Director Compensation Policy***

During fiscal year 2026, directors who were members of management did not receive any additional compensation for their service as members of our Board of Directors.

The Committee has previously relied on a survey conducted by Compensation Resources, Inc. in setting compensation for the non-employee members of our Board of Directors. As with named executives, the aim is to compensate the Board of Directors at the mean of peer companies. Any additional cash and/or equity compensation for the fiscal year beginning was designed to maintain this mean.

The non-employee members of our Board of Directors received compensation for services as directors as well as reimbursement for documented reasonable expenses incurred in connection with attendance at meetings of our Board of Directors and the committees thereof.

***Director Compensation Table***

The following table summarizes the compensation earned by or paid to the Company's non-employee directors pursuant to the Company's compensation policies for the fiscal year ended June 30, 2026. Directors who were employees of the Company did not receive additional compensation for their service as directors.

| NAME | FEES EARNED OR PAID IN CASH ($) | SHARE AWARDS ($) | TOTAL ($) |
|---|---|---|---|
| Mark Caton * | 60,000 | 48,000 | 108,000 |
| Kausar Kazmi | 48,000 | 48,000 | 96,000 |
| Ian Smith | 48,000 | 48,000 | 96,000 |
| Richard Howard | - | - | - |
| Aamir Ibrahim | - | - | - |
| | 156,000 | 144,000 | 300,000 |

*Mr. Caton's term ended June 30, 2026.

Messrs. Aamir Ibrahim and Richard Howard were nominated and elected to the Board of Directors at the June 18, 2026 annual meeting for the July 1 2026 through June 30 2027 term.

The four independent members of our Board of Directors, Messrs. Howard, Ibrahim, Kazmi, and Smith, are also eligible to receive stock option or stock award grants both upon joining the Board of Directors and on an annual basis in line with recommendations by the Compensation Committee, which grants are non-qualified stock options under our Employee Stock Option Plans. Further, from time to time, the non-employee members of the Board of Directors are eligible to receive stock grants that may be granted if and only if approved by the shareholders of the Company.

**Compensation Committee Interlocks and Insider Participation**

The current members of the Compensation Committee are Mr. Howard (Chairman), Mr. Kazmi, and Mr. Ibrahim and Mr. Smith. All current members of the Compensation Committee are "independent directors" as defined under the Nasdaq Listing Rules. None of these individuals were at any time during the fiscal year ended June 30, 2026, or at any other relevant time, an officer or employee of the Company.

No executive officer of the Company serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company's Board of Directors or Compensation Committee.

The Compensation Committee also considers the number and value of awards held by the Executive Officer in order to maintain an appropriate level of incentive for that individual. We do not take material nonpublic information into account when determining the timing and terms of equity awards, nor do we time the disclosure of material nonpublic information for the purpose of affecting the value of executive compensation. The Compensation Committee has the authority to review extraordinary events that impact the Company's performance and may adjust the calculation of the number of shares earned under an award by considering the effect of such extraordinary events. The Compensation Committee did not make any such adjustments for Fiscal 2026.

**ITEM 12- SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock, its only class of outstanding voting securities as of September 21, 2026, by (i) each person who is known to the Company to own beneficially more than 5% of the outstanding common Stock with the address of each such person, (ii) each of the Company's present directors and officers, and (iii) all officers and directors as a group:

| Name of Beneficial Owner (1) | | Number of Shares Beneficially Owned (2) | Percentage |
|---|---|---|---|
| Najeeb Ghauri | (3) | 1,028,984 | 8.58% |
| Naeem Ghauri | (3) | 459,853 | 3.85% |
| Asad Ghauri | (3) | 478,630 | 4.00% |
| Mark Caton | (3) | 176,437 | * |
| Syed Kausar Kazmi | (3) | 86,300 | * |
| Ian Smith | (3) | 12,626 | * |
| Richard Howard | (3) | 77,368 | * |
| Ibrahim Aamir | (3) | - | * |
| Sardar Abubakr | (3) | - | * |
| Roger Almond | (3) | 1,000 | * |
| Patti McGlasson | (3) | 81,050 | * |
| Malea Farsai | (3) | 106,382 | * |
| Todd M Felte | (5) | 602,934 | 5.04% |
| All officers and directors as a group (twelve persons) | | 2,508,630 | 20.95% |

* Less than one percent
** Mark Caton and Malea Farsai's board term ended on June 30, 2026.

(1) Except as otherwise indicated, the Company believes that the beneficial owners of the common stock listed below, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities.

(2) Beneficial ownership is determined in accordance with the rules of the Commission and generally includes voting or investment power with respect to securities. Shares of common stock relating to share grants that will vest or options currently exercisable or exercisable within 60 days of September 21, 2026, are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares shown as beneficially owned by them.

(3) Address c/o NetSol Technologies, Inc. at 16000 Ventura Blvd., Suite 770, Encino, CA 91436.

(4) Shares issued and outstanding as of September 21, 2026 were 11,952,568.

(5) 5% or greater shareholder based on Schedule 13G filing on January 1, 2025.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

### Transactions with Related Persons, Promoters and Certain Control Persons

Other than compensation arrangements for our executive officers and directors, which are described under “Executive and Director Compensation”, since July 1, 2024, and as described below, there are no transactions to which we were a party in which (i) the amount involved exceeded or will exceed the lesser of $120,000 or one percent (1%) of our average total assets at year-end for the last two completed fiscal years and (ii) any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of, or person sharing the household with, any of the foregoing persons, had or will have a direct or indirect material interest.

Najeeb Ghauri, our Chief Executive Officer, has immediate family members employed by the Company. These family members are compensated in accordance with the Company’s standard employment and compensation practices applicable to employees in similar positions. Other than compensation, there are no related-party transactions with these individuals requiring disclosure under Item 404 of Regulation S-K. Compensation information for Naeem Ghauri, who serves as an executive officer of the Company, is included in the Summary Compensation Table under Item 11 of this Form 10-K on page 42.

The Company employs Ms. Aiesha Ghauri, the spouse of Mr. Najeeb Ghauri, as HR director. Her total compensation for fiscal years 2026 and 2025 was $124,000 and $122,000, respectively. The Company employs Mr. Faizaan Ghauri, Mr. Najeeb Ghauri’s son, as President of NetSol Technologies Americas, Inc. His total compensation for fiscal years 2026 and 2025 was $423,000 and $313,000, respectively. The Company employs Mr. Faraaz Ghauri, Mr. Najeeb Ghauri’s son, as Vice President-Digital Retail. His total compensation for fiscal years 2026 and 2025 was $346,000 and $319,000, respectively. Mr. Najeeb Ghauri’s brother, Salim Ghauri, was a co-founder of the company and is CEO of NetSol Technologies Limited, the Company’s Pakistani subsidiary. His compensation for fiscal years 2026 and 2025 was $750,000 and $648,000, respectively. Compensation for the purpose of this disclosure includes salary, bonuses, commissions, equity awards and other benefits such as medical and 401(k) employer matching.

### Director Independence

The Nasdaq Stock Market LLC (“Nasdaq”) requires that a majority of our board of directors be composed of “independent directors,” which is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which, in the opinion of the company’s board of directors, would interfere with the director’s exercise of independent judgment in carrying out the responsibilities of a director. The board has determined that Richard Howard, Aamir Ibrahim, Kausar Kazmi, and Ian Smith are “independent”. Our board currently consists of four independent directors and three non-independent directors.

Mr. Caton, who served as a director until the conclusion of his term on June 30, 2026, was also determined by the Board to be independent during his service on the Board. Messrs. Howard and Ibrahim were elected to the Board at the fiscal year 2025 Annual Meeting of Shareholders.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

**Audit Fees**

Fortune CPA ("Fortune") audited the Company's financial statements for the fiscal years ended June 30, 2026 and June 30, 2025. The aggregate fees billed by principal accountants for the annual audit and review of financial statements included in the Company's Form 10-K, was $370,800 for the year ended June 30, 2026 and $401,700 for the year ended June 30, 2025.

**Tax Fees**

Tax fees for fiscal year 2026 were $22,500 and consisted of the preparation of the Company's federal and state tax returns for the fiscal year 2025. Tax fees for fiscal year 2025 were $19,500 and consisted of the preparation of the Company's federal and state tax returns for the fiscal year 2024.

**All Other Fees**

No other fees were paid to the principal accountant during the fiscal years 2026 and 2025.

**Pre-Approval Procedures**

The Audit Committee and the Board of Directors are responsible for the engagement of the independent auditors and for approving, in advance, all auditing services and permitted non-audit services to be provided by the independent auditors. The Audit Committee maintains a policy for the engagement of the independent auditors that is intended to maintain the independent auditor's independence from NetSol. In adopting the policy, the Audit Committee considered the various services that the independent auditors have historically performed or may be needed to perform in the future. The policy, which is to be reviewed and re-adopted at least annually by the Audit Committee:

(i) Approves the performance by the independent auditors of certain types of service (principally audit-related and tax), subject to restrictions in some cases, based on the Committee's determination that this would not be likely to impair the independent auditors' independence from NetSol;

(ii) Requires that management obtain the specific prior approval of the Audit Committee for each engagement of the independent auditors to perform other types of permitted services; and

(iii) Prohibits the performance by the independent auditors of certain types of services due to the likelihood that their independence would be impaired.

Any approval required under the policy must be given by the Audit Committee, by the Chair of the Committee in office at the time, or by any other Committee member to whom the Committee has delegated that authority. The Audit Committee does not delegate its responsibilities to approve services performed by the independent auditors to any member of management.

The standard applied by the Audit Committee in determining whether to grant approval of an engagement of the independent auditors is whether the services to be performed, the compensation to be paid, and other related factors are consistent with the independent auditors' independence under guidelines of the Securities and Exchange Commission and applicable professional standards. Relevant considerations include, but are not limited to, whether the work product is likely to be subject to, or implicated in, audit procedures during the audit of NetSol's financial statements; whether the independent auditors would be functioning in the role of management or in an advocacy role; whether performance of the service by the independent auditors would enhance NetSol's ability to manage or control risk or improve audit quality; whether performance of the service by the independent auditors would increase efficiency because of their familiarity with NetSol's business, personnel, culture, systems, risk profile and other factors; and whether the amount of fees involved, or the proportion of the total fees payable to the independent auditors in the period that is for tax and other non-audit services, would tend to reduce the independent auditors' ability to exercise independent judgment in performing the audit.

All services provided by Fortune CPA in the fiscal year ended June 30, 2026, were pre-approved by the Audit Committee.

**PART IV**

**ITEM 15 – EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K**

(a) Exhibits

| | |
|---|---|
| 3.1 | Amended and Restated Articles of Incorporation filed with the Nevada Secretary of State (1) |
| 3.2 | Amended and Restated Bylaws of NetSol Technologies, Inc. dated February 9, 2018*. |
| 4.1 | Form of Common Stock Certificate. * |
| 10.1 | Stock Purchase Agreement dated May 6, 2006 by and between the Company, McCue Systems, Inc. and the shareholders of McCue Systems, Inc. incorporated by reference as Exhibit 2.1 to NetSol's Current Report filed on form 8-K on May 8, 2006. * |
| 10.2 | Employment Agreement by and between the Company and Patti L. W. McGlasson dated September 25, 2024. * |
| 10.3 | Employment Agreement by and between the Company and Najeeb Ghauri dated September 25, 2024. * |
| 10.4 | Employment Agreement by and between the Company and Roger K. Almond dated September 25, 2024. * |
| 10.5 | Company 2025 Equity Incentive Plan incorporated by reference as Appendix B to NetSol's Definitive Proxy Statement filed on May 1, 2025. * |
| 10.6 | Restated Charter of the Compensation Committee dated effective September 10, 2013. * |
| 10.7 | Restated Charter of the Nominating and Corporate Governance Committee dated effective September 10, 2013. * |
| 10.8 | Restated Charter of the Audit Committee dated effective September 10, 2013. * |
| 10.9 | Restated Code of Business Conduct & Ethics dated effective September 10, 2013. * |
| 21.1 | A list of all subsidiaries of the Company (1) |
| 31.1 | Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (CEO) (1) |
| 31.2 | Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (CFO) (1) |
| 32.1 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (CEO) (1) |
| 32.2 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (CFO) (1) |
| 97.1 | NetSol Technologies, Inc. Clawback Policy * |
| 101.INS | Inline XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DFE | Inline XBRL Taxonomy Extension definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

*Previously Filed
(1) Filed Herewith

SIGNATURES

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| | |
|---|---|
| Date: September 28, 2026 | BY: */S/ NAJEEB U. GHAURI*<br>Najeeb U. Ghauri<br>Chief Executive Officer<br>Director, Chairman |
| Date: September 28, 2026 | BY: */S/ SARDAR MUHAMMAD ABUBAKR*<br>Sardar Muhammad Abubakr<br>Chief Financial Officer<br>Principal Financial Officer |
| Date: September 28, 2026 | BY: */S/ROGER K. ALMOND*<br>Roger K. Almond<br>Chief Accounting Officer<br>Principal Accounting Officer |
| Date: September 28, 2026 | BY: */S/ RICHARD HOWARD*<br>Richard Howard<br>Director |
| Date: September 28, 2026 | BY: */S/ AAMIR IBRAHIM*<br>Aamir Ibrahim<br>Director |
| Date: September 28, 2026 | BY: */S/ KAUSAR KAZMI*<br>Kausar Kazmi<br>Director |
| Date: September 28, 2026 | BY: */S/ IAN SMITH*<br>Ian Smith<br>Director |
| Date: September 28, 2026 | BY: */S/ NAEEM GHAURI*<br>Naeem Ghauri<br>Director |
| Date: September 28, 2026 | BY: */S/ ASAD GHAURI*<br>Asad Ghauri<br>Director |

NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of NetSol Technologies, Inc.

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of NetSol Technologies, Inc. and its subsidiaries (the "Company") as of June 30, 2026 and 2025, and the related consolidated statements of operations and comprehensive gain, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2026 and 2025, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

***Critical Audit Matters***

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

We determined that there are no critical audit matters.

/s/ Fortune CPA, Inc

We have served as the Company's auditor since 2024.

Garden Grove, CA

September 28, 2026
PCAOB #6901

**NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES**
**Consolidated Balance Sheets**

| | | As of June 30, 2026 | | As of June 30, 2025 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets:** | | | | |
| Cash and cash equivalents | $ | 27,123,955 | $ | 17,357,944 |
| Accounts receivable, net of allowance of $48,606 and $355,464 | | 10,286,342 | | 7,527,572 |
| Contract assets, net of allowance of $10 and $34,496 | | 16,240,564 | | 18,230,619 |
| Other current assets | | 3,210,315 | | 3,203,468 |
| **Total current assets** | | 56,861,176 | | 46,319,603 |
| Contract assets, net - non-current | | 2,467,018 | | 903,766 |
| Property and equipment, net | | 5,683,502 | | 5,073,372 |
| Right of use assets - operating leases | | 831,196 | | 809,513 |
| Other assets | | 7,241 | | 32,331 |
| Other intangible assets, net | | 2,686,392 | | - |
| Goodwill | | 9,302,524 | | 9,302,524 |
| **Total assets** | $ | 77,839,049 | $ | 62,441,109 |
| | | | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| **Current liabilities:** | | | | |
| Accounts payable and accrued expenses | $ | 8,708,029 | $ | 8,010,844 |
| Current portion of loans and obligations under finance leases | | 8,187,170 | | 8,240,061 |
| Current portion of operating lease obligations | | 447,332 | | 433,242 |
| Contract liabilities | | 10,287,225 | | 3,029,850 |
| **Total current liabilities** | | 27,629,756 | | 19,713,997 |
| Loans and obligations under finance leases; less current maturities | | 212,982 | | 134,608 |
| Operating lease obligations; less current maturities | | 428,491 | | 333,374 |
| **Total liabilities** | | 28,271,229 | | 20,181,979 |
| | | | | |
| **Stockholders' equity:** | | | | |
| Preferred stock, $.01 par value; 500,000 shares authorized; | | - | | - |
| Common stock, $.01 par value; 18,000,000 shares authorized; 12,825,028 shares issued and 11,885,997 outstanding as of June 30, 2026, 12,700,465 shares issued and 11,761,434 outstanding as of June 30, 2025 | | 128,253 | | 127,008 |
| Additional paid-in-capital | | 130,188,049 | | 129,529,901 |
| Treasury stock (at cost, 939,031 shares as of June 30, 2026 and June 30, 2025) | | (3,920,856) | | (3,920,856) |
| Accumulated deficit | | (38,338,727) | | (41,289,080) |
| Other comprehensive loss | | (46,462,794) | | (46,613,208) |
| **Total NetSol stockholders' equity** | | 41,593,925 | | 37,833,765 |
| Non-controlling interest | | 7,973,895 | | 4,425,365 |
| **Total stockholders' equity** | | 49,567,820 | | 42,259,130 |
| **Total liabilities and stockholders' equity** | $ | 77,839,049 | $ | 62,441,109 |

The accompanying notes are an integral part of these consolidated financial statements.

**NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES**
**Consolidated Statements of Operations**

| | For the Years Ended June 30, 2026 | 2025 |
|---|---|---|
| **Net Revenues:** | | |
| License fees | $ 4,954,378 | $ 598,633 |
| Subscription and support | 35,799,842 | 32,934,648 |
| Services | 33,617,160 | 32,554,948 |
| Total net revenues | 74,371,380 | 66,088,229 |
| | | |
| **Cost of revenues** | 35,224,037 | 33,513,697 |
| **Gross profit** | 39,147,343 | 32,574,532 |
| | | |
| **Operating expenses:** | | |
| Selling, general and administrative | 31,418,598 | 27,796,936 |
| Research and development cost | 782,080 | 1,275,878 |
| Total operating expenses | 32,200,678 | 29,072,814 |
| | | |
| **Income from operations** | 6,946,665 | 3,501,718 |
| | | |
| **Other income and (expenses)** | | |
| Interest expense | (605,619) | (871,355) |
| Interest income | 1,071,472 | 1,871,040 |
| Gain (loss) on foreign currency exchange transactions | (389,814) | 1,301,613 |
| Other income | 203,175 | 244,241 |
| Total other income (expenses) | 279,214 | 2,545,539 |
| | | |
| **Net income before income taxes** | 7,225,879 | 6,047,257 |
| **Income tax provision** | (1,630,376) | (1,476,338) |
| **Net income** | 5,595,503 | 4,570,919 |
| **Non-controlling interest** | (2,645,150) | (1,647,686) |
| **Net income attributable to NetSol** | $ 2,950,353 | $ 2,923,233 |
| | | |
| **Net income per share:** | | |
| Net income per common share | | |
| Basic | $ 0.25 | $ 0.25 |
| Diluted | $ 0.25 | $ 0.25 |
| | | |
| Weighted average number of shares outstanding | | |
| Basic | 11,814,041 | 11,576,287 |
| Diluted | 11,827,950 | 11,576,287 |

The accompanying notes are an integral part of these consolidated financial statements.

**NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES**
**Consolidated Statements of Comprehensive Income (Loss)**

| | For the Years Ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| **Net income attributable to NetSol** | $ 2,950,353 | $ 2,923,233 |
| **Other comprehensive income (loss):** | | |
| Translation adjustment | 406,540 | (857,867) |
| Translation adjustment attributable to non-controlling interest | (256,126) | 180,275 |
| Net translation adjustment | 150,414 | (677,592) |
| **Comprehensive income attributable to NetSol** | $ 3,100,767 | $ 2,245,641 |

The accompanying notes are an integral part of these consolidated financial statements.

**NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES**
**Consolidated Statement of Stockholders' Equity**
**For the Years Ended June 30, 2026 and 2025**

| | Common Stock | | Additional Paid-in | Treasury | Accumulated | Other Compre-hensive | Non Controlling | Total Stockholders' |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Capital | Shares | Deficit | Loss | Interest | Equity |
| Balance at June 30, 2025 | 12,700,465 | $ 127,008 | $ 129,529,901 | $ (3,920,856) | $ (41,289,080) | $ (46,613,208) | $ 4,425,365 | $ 42,259,130 |
| Exercise of subsidiary common stock options | - | - | (221,853) | - | - | - | 647,514 | 425,661 |
| Common stock issued for: Services | 124,563 | 1,245 | 440,913 | - | - | - | - | 442,158 |
| Shares accrued to be issued | - | - | 438,828 | - | - | - | - | 438,828 |
| Dissolution of subsidiary | - | - | 260 | - | - | - | (260) | - |
| Foreign currency translation adjustment | - | - | - | - | - | 150,414 | 256,126 | 406,540 |
| Net income | - | - | - | - | 2,950,353 | - | 2,645,150 | 5,595,503 |
| Balance at June 30, 2026 | 12,825,028 | $ 128,253 | $ 130,188,049 | $ (3,920,856) | $ (38,338,727) | $ (46,462,794) | $ 7,973,895 | $ 49,567,820 |

The accompanying notes are an integral part of these consolidated financial statements.

**NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES**
**Consolidated Statement of Stockholders' Equity**
**For the Years Ended June 30, 2026 and 2025**

| | Common Stock | | Additional Paid-in | Treasury | Accumulated | Other Compre-hensive | Non Controlling | Total Stockholders' |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Capital | Shares | Deficit | Loss | Interest | Equity |
| Balance at June 30, 2024 | 12,359,922 | $ 123,602 | $ 128,783,865 | $ (3,920,856) | $ (44,212,313) | $ (45,935,616) | $ 4,694,418 | $ 39,533,100 |
| Exercise of common stock options | 220,000 | 2,200 | 470,800 | - | - | - | - | 473,000 |
| Common stock issued for: Services | 120,543 | 1,206 | 317,328 | - | - | - | - | 318,534 |
| Purchase of subsidiary shares | - | - | (112,010) | - | - | - | 103,132 | (8,878) |
| Purchase of subsidiary treasury shares | - | - | - | - | - | - | (1,503,662) | (1,503,662) |
| Adjustment in APIC for change in subsidiary shares to non-controlling interest | - | - | 29,135 | - | - | - | (29,135) | - |
| Fair value of options issued | - | - | 40,783 | - | - | - | - | 40,783 |
| Dividend to non-controlling interest | - | - | - | - | - | - | (306,799) | (306,799) |
| Foreign currency translation adjustment | - | - | - | - | - | (677,592) | (180,275) | (857,867) |
| Net income | - | - | - | - | 2,923,233 | - | 1,647,686 | 4,570,919 |
| Balance at June 30, 2025 | 12,700,465 | $ 127,008 | $ 129,529,901 | $ (3,920,856) | $ (41,289,080) | $ (46,613,208) | $ 4,425,365 | $ 42,259,130 |

The accompanying notes are an integral part of these consolidated financial statements

**NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES**
**Consolidated Statements of Cash Flows**

| | For the Years Ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| **Cash flows from operating activities:** | | |
| Net income | $ 5,595,503 | $ 4,570,919 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,238,421 | 1,463,783 |
| Provision for bad debts | 301,035 | 466,965 |
| Gain on sale of assets | (86,298) | (69,355) |
| Stock based compensation | 758,895 | 208,116 |
| **Changes in operating assets and liabilities:** | | |
| Accounts receivable | (2,764,167) | 5,453,186 |
| Contract assets | 632,164 | (5,207,897) |
| Other current assets | 977,008 | 15,257 |
| Accounts payable and accrued expenses | 756,174 | (197,312) |
| Contract liabilities | 6,475,441 | (6,256,395) |
| **Net cash provided by operating activities** | 13,884,176 | 447,267 |
| | | |
| **Cash flows from investing activities:** | | |
| Purchases of property and equipment | (2,007,114) | (1,382,770) |
| Sales of property and equipment | 86,994 | 116,783 |
| Investment in associates | 25,396 | (8,878) |
| Increase in intangible assets | (2,686,392) | - |
| **Net cash used in investing activities** | (4,581,116) | (1,274,865) |
| | | |
| **Cash flows from financing activities:** | | |
| Proceeds from the exercise of stock options and warrants | - | 473,000 |
| Proceeds from exercise of subsidiary options | 413,241 | 13,728 |
| Dividend paid by subsidiary to non-controlling interest | - | (306,799) |
| Purchase of subsidiary treasury stock | - | (1,503,662) |
| Proceeds from bank loans | 1,044,523 | 2,920,149 |
| Payments on finance lease obligations and loans - net | (1,188,684) | (773,535) |
| **Net cash provided by financing activities** | 269,080 | 822,881 |
| **Effect of exchange rate changes** | 193,871 | (1,764,504) |
| **Net increase (decrease) in cash and cash equivalents** | 9,766,011 | (1,769,221) |
| Cash and cash equivalents at beginning of the period | 17,357,944 | 19,127,165 |
| **Cash and cash equivalents at end of period** | $ 27,123,955 | $ 17,357,944 |

The accompanying notes are an integral part of these consolidated financial statements.

**NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES**
**Consolidated Statements of Cash Flows (Continued)**

| | For the Years Ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| SUPPLEMENTAL DISCLOSURES: | | |
| Cash paid during the period for: | | |
| Interest | $ 720,821 | $ 841,962 |
| Taxes | $ 1,515,065 | $ 1,412,245 |
| | | |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Shares issued for accrued bonus | $ 122,091 | $ 151,201 |

The accompanying notes are an integral part of these consolidated financial statements.

**NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS**

NetSol Technologies, Inc., was incorporated under the laws of the State of Nevada on March 18, 1997. (NetSol Technologies, Inc. and subsidiaries collectively referred to as the “Company”)

The Company designs, develops, markets, and exports proprietary software products to customers in the automobile financing and leasing, banking, and financial services industries worldwide. The Company also provides system integration, consulting, and IT products and services in exchange for fees from customers.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Company as follows:

Wholly Owned Subsidiaries
NetSol Technologies Americas, Inc. (“NTA”)
NetSol Connect (Private), Ltd. (“Connect”)
NetSol Technologies Australia Pty Ltd. (“Australia”)
NetSol Technologies Europe Limited (“NTE”)
NetSol Technologies (Beijing) Co. Ltd. (“NetSol Beijing”)
Tianjin NuoJinZhiCheng Co., Ltd (“Tianjin”)
Ascent Europe Ltd. (“AEL”)
Virtual Lease Services Holdings Limited (“VLSH”)
Virtual Lease Services Limited (“VLS”)
Virtual Lease Services (Ireland) Limited (“VLSIL”)

Majority Owned Subsidiaries
NetSol Technologies, Ltd. (“NetSol PK”)
NetSol Innovation (Private) Limited (“NetSol Innovation”)
NetSol Institute of Artificial Intelligence (Private) Limited (“NIAI”)
NETSOL Ascent Middle East Computer Equipment Trading LLC (“Namecet”)
NetSol Technologies Thailand Limited (“NetSol Thai”)
OTOZ (Thailand) Limited (“OTOZ® Thai”)

The Company consolidates any variable interest entities of which it is the primary beneficiary. Equity investments through which the Company exercises significant influence over but does not control the investee and is not the primary beneficiary of the investee’s activities are accounted for using the equity method. Investments through which the Company is not able to exercise significant influence over the investee, and which do not have readily determinable fair values are accounted for under the cost method. All material inter-company accounts have been eliminated in the consolidation.

**Basis of Presentation**

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”).

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The areas requiring significant estimates are the measurement of progress toward completion of long-term software implementation projects, the allocation of the transaction price in multiple performance obligations, expected credit loss on accounts receivable and contract assets, provision for taxation, useful life of depreciable assets, useful life of intangible assets, contingencies, the determination of stock-based compensation expense, and estimated contract costs. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less which are not securing any corporate obligations.

**Concentration of Credit Risk**

Cash includes cash on hand and demand deposits in accounts maintained within the United States as well as in foreign countries. Certain financial instruments, which subject the Company to concentration of credit risk, consist of cash and restricted cash. The Company maintains balances at financial institutions which, from time to time, may exceed Federal Deposit Insurance Corporation insured limits for the banks located in the United States. Balances at financial institutions within certain foreign countries are not covered by insurance, except balances maintained in China are insured for RMB500,000 ($73,638) in each bank and in the UK for GBP 85,000 ($111,842) in each bank. The Company maintains three bank accounts in China and nine bank accounts in the UK. As of June 30, 2026 and 2025, the Company had uninsured deposits related to cash deposits in accounts maintained within foreign entities of approximately $26,537,413 and $16,386,079, respectively. The Company has not experienced any losses in such accounts.

The Company’s operations are carried out globally. Accordingly, the Company’s business, financial condition and results of operations may be influenced by the political, economic and legal environments of each country and by the general state of the country’s economy. The Company’s operations in each foreign country are subject to specific considerations and significant risks not typically associated with companies in economically developed nations. These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange. The Company’s results may be adversely affected by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are recorded at the invoiced amount and are non-interest bearing. The Company recognizes an allowance for credit losses in accordance with ASC 326, *Financial Instrument -Credit Losses*, based on expected losses over the contractual life of the receivables. In measuring expected credit losses, management considers historical loss experience, customer credit quality, current economic conditions, and reasonable and supportable forecasts. The allowance is evaluated collectively for groups of receivables with similar risk characteristics, with specific reserves established for receivables that do not share those characteristics or when collectability is uncertain. Receivables are written off against the allowance when collection efforts have been exhausted and recovery is not expected. Recoveries of amounts previously written off are recognized when received.

**Contract Assets**

Contract assets represent the total of the project to be billed to the customer for revenues recognized per US GAAP. As the customers are billed under the terms of their contract, the corresponding amount is transferred from this account to "Accounts Receivable." The Company recognizes the potential risk associated with recognizing contract assets, including the risk of non-payment by the customer. Therefore, management continually assesses the collectability of such amounts and makes appropriate provisions or adjustments if collectability becomes doubtful. Contract assets are classified as current or non-current based on the expected timing of the Company's right to invoice the customer, with amounts expected to be invoiced within twelve months classified as current and amounts expected to be invoiced beyond twelve months classified as non-current.

**Property and Equipment**

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation is computed using various methods over the estimated useful lives of the assets, ranging from three to twenty years. The following is the summary of estimated useful lives of the assets:

| Category | Estimated Useful Life |
|---|---|
| Computer equipment and software | 3 to 5 Years |
| Office furniture and equipment | 5 to 10 Years |
| Building | 20 Years |
| Autos | 5 Years |
| Assets under capital leases | 3 to 10 Years |
| Improvements | 5 to 10 Years |

**Impairment of Long-Lived Assets**

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value.

**Research and Development Costs**

Research and development expenses are comprised of salaries, benefits and overhead expenses of employees involved in software product enhancement and development, cost of outside contractors engaged to perform quality assurance, software product enhancement and development (if any). Development costs are expensed as incurred.

**Goodwill**

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired in a purchase business combination. Goodwill is reviewed for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the carrying amount of goodwill may be impaired. In conducting its annual impairment test, the Company first reviews qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If factors indicate that the fair value of the reporting unit is less than its carrying amount, the Company performs a quantitative assessment, and the fair value of the reporting unit is determined by analyzing the expected present value of future cash flows. If the carrying value of the reporting unit continues to exceed its fair value, the fair value of the reporting unit's goodwill is calculated and an impairment loss equal to the excess is recorded.

**Internal-Use Software**

The Company capitalizes certain costs incurred in the development of internal-use software, which are included in "Other intangible assets." Costs incurred during the preliminary project stage are expensed as incurred. Costs incurred during the application development stage are capitalized when the applicable capitalization criteria have been met. Capitalized costs include external direct costs of materials and services and payroll and payroll-related costs for employees who are directly associated with and devote time to the software project. Costs associated with training, maintenance and other post-implementation activities are expensed as incurred. Costs of upgrades and enhancements that provide additional functionality are capitalized when the applicable capitalization criteria are met; costs that do not provide additional functionality are expensed as incurred.

Capitalization ceases when the software is substantially complete and ready for its intended use. Capitalized internal-use software costs are amortized on a straight-line basis over their estimated useful lives, generally three to five years, commencing when the software is ready for its intended use. The Company reviews the estimated useful lives of its internal-use software and evaluates such assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

**Fair Value of Financial Instruments**

The Company applies the provisions of ASC 820-10, *"Fair Value Measurements and Disclosures."* ASC 820-10 defines fair value and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. For certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and short-term debt, the carrying amounts approximate fair value due to their relatively short maturities. The Company did not have any financial assets or liabilities measured at fair value on a recurring or nonrecurring basis as of June 30, 2026 or 2025.

**Contract Liabilities**

Contract liabilities represent amounts billed or received from customers in advance of the Company's satisfaction of the related performance obligations. Contract liabilities are recognized as revenue when or as the related performance obligations are satisfied, which for maintenance and certain subscription services is generally on a straight-line basis over the applicable service period.

**Cost of Revenues**

Cost of revenues includes salaries and benefits for technical employees, consultant costs, amortization of capitalized computer software development costs, depreciation of computer and equipment, travel costs, and indirect costs such as rent and insurance.

**Advertising Costs**

The Company expenses the cost of advertising as incurred. Advertising costs for the years ended June 30, 2026 and 2025 were $534,243 and $346,232, respectively.

**Stock-Based Compensation**

The Company records stock compensation in accordance with ASC 718, *Compensation – Stock Compensation*. ASC 718 requires companies to measure compensation cost for stock employee compensation at fair value at the grant date and recognize the expense over the employee's requisite service period. The Company recognizes forfeitures as they occur. The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees.

**Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Applicable interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statements of operations.

**Foreign Currency Translation**

The Company transacts business in various foreign currencies. The following table represents the functional currencies of the Company and its subsidiaries:

| The Company and Subsidiaries | Functional Currency |
|---|---|
| NetSol Technologies, Inc. | USD |
| NTA | USD |
| Otoz | USD |
| NTE | British Pound |
| AEL | British Pound |
| VLSH | British Pound |
| VLS | British Pound |
| VLSIL | Euro |
| NetSol PK | Pakistan Rupee |
| Connect | Pakistan Rupee |
| NetSol Innovation | Pakistan Rupee |
| NIAI | Pakistan Rupee |
| NetSol Thai | Thai Bhat |
| Otoz Thai | Thai Bhat |
| Australia | Australian Dollar |
| Namecet | AED |
| NetSol Beijing | Chinese Yuan |
| Tianjin | Chinese Yuan |

The effects of foreign currency translation adjustments are recorded to other comprehensive income.

**Statement of Cash Flows**

The Company's cash flows from operations are calculated based upon the local currencies. As a result, amounts related to assets and liabilities reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheet.

**Segment Reporting**

The Company defines operating segments as components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company allocates its resources and assesses the performance of its sales activities based on the geographic locations of its subsidiaries.

**Recently Issued Accounting Standards**

**Recently Adopted Accounting Standards**

**Income Taxes**

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09 – *Income Taxes (Topic ASC 740) Income Taxes*. This ASU improves the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation, as well as disaggregated income taxes paid by jurisdiction. The amendments are effective for annual periods beginning after December 15, 2024. This guidance impacts only the Company's disclosures with no impacts to its financial condition or results of operations. The Company adopted this guidance for the year ended June 30, 2026 on a prospective basis.

**Accounting Standards Not Yet Adopted**

**Disaggregation of Income Statement Expenses**

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. The standard requires disclosure of specified information about certain costs and expenses, including purchases of inventory, employee compensation, depreciation, and intangible asset amortization from each relevant expense caption. The amendments are effective for annual reporting periods beginning after December 15, 2026, which corresponds to the Company's fiscal year 2028 and interim periods beginning after December 15, 2027, which corresponds to the Company's first quarter of fiscal 2029. Early adoption and retrospective application are permitted but not required. The Company plans to adopt the standard and make the required disclosures beginning in fiscal year 2028 for annual periods and in Q1 of fiscal 2029 for interim periods. The Company expects the adoption of this ASU to result in additional disclosures but does not anticipate any impact on its financial position, results of operations, or cash flows.

**Internal-Use Software**

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*. This ASU eliminates references to "project stages" and clarifies the criteria for capitalizing costs related to internal-use software. The amendments apply to all entities subject to the guidance in Subtopic 350-40. The ASU is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years, which corresponds to the Company's fiscal year 2029. Early adoption is permitted. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements and related disclosures.

**Interim Reporting**

In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies the application of interim reporting guidance, including the types of interim reporting and the form and content of interim financial statements under U.S. GAAP. The amendments are intended to clarify and improve the organization of existing interim reporting requirements and do not change the fundamental principles of interim reporting. The ASU is effective for interim reporting periods within fiscal years beginning after December 15, 2027, which corresponds to the interim periods within the Company's fiscal year 2029. The Company is currently assessing the impact of this ASU on its consolidated financial statements and related disclosures.

All other newly issued accounting pronouncements not yet effective have been deemed either immaterial or not applicable.

**NOTE 3 – REVENUE RECOGNITION**

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company records the amount of revenue and related costs by considering whether the entity is a principal (gross presentation) or an agent (net presentation) by evaluating the nature of its promise to the customer. Revenue is presented net of sales, value-added and other taxes collected from customers and remitted to government authorities.

The Company has two primary revenue streams: core revenue and non-core revenue.

**Core Revenue**

The Company generates its core revenue from the following sources: (1) software licenses, (2) services, which include implementation and consulting services, and (3) subscription and support, which includes post-contract support, of its enterprise software solutions for the lease and finance industry. The Company offers its software using the same underlying technology via two models: a traditional on-premises licensing model and a subscription model. The on-premises model involves the sale or license of software on a perpetual basis to customers who take possession of the software and install and maintain the software on their own hardware. Under the subscription delivery model, the Company provides access to its software on a hosted basis as a service and customers generally do not have the contractual right to take possession of the software.

**Non-Core Revenue**

The Company generates its non-core revenue by providing business process outsourcing ("BPO"), other IT services and internet services.

**Performance Obligations**

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under Topic 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied by transferring the promised good or service to the customer. The Company identifies and tracks the performance obligations at contract inception so that the Company can monitor and account for the performance obligations over the life of the contract.

The Company's contracts which contain multiple performance obligations generally consist of the initial purchase of subscriptions or licenses and a professional services engagement. License purchases generally have multiple performance obligations as customers purchase post-contract support and services in addition to the licenses. The Company's single performance obligation arrangements are typically post-contract support renewals, subscription renewals and services engagements.

For contracts with multiple performance obligations where the contracted price differs from the standalone selling price ("SSP") for any distinct good or service, the Company may be required to allocate the contract's transaction price to each performance obligation using its best estimate for the SSP.

*Software Licenses*

Transfer of control for software is considered to have occurred upon delivery of the product to the customer. The Company's typical payment terms tend to vary by region, but its standard payment terms are within 30 days of invoice.

*Subscription*

Subscription revenue is recognized ratably over the initial subscription period committed to by the customer commencing when the product is made available to the customer. The initial subscription period is typically 12 to 60 months. The Company generally invoices its customers in advance in quarterly or annual installments and typical payment terms provide that customers make payment within 30 days of invoice.

*Post Contract Support*

Revenue from support services and product updates, referred to as subscription and support revenue, is recognized ratably over the term of the maintenance period, which in most instances is one year. Software license updates provide customers with rights to unspecified software product updates and patches released during the term of the support period on a when-and-if available basis. The Company's customers purchase both product support and license updates when they acquire new software licenses. In addition, a majority of customers renew their support services contracts annually and typical payment terms provide that customers make payment within 30 days of invoice.

*Professional Services*

Revenue from professional services is typically comprised of implementation, development, data migration, training or other consulting services. Consulting services are generally sold on a time-and-materials or fixed fee basis and can include services ranging from software installation to data conversion and building non-complex interfaces to allow the software to operate in integrated environments. The Company recognizes revenue for time-and-materials arrangements as the services are performed. For fixed-fee implementation and customization services that are satisfied over time, revenue is recognized using an input method based on person-days incurred relative to total estimated person-days required to complete the services. Management applies judgment when estimating project status and the costs necessary to complete the services projects. A number of internal and external factors can affect these estimates, including labor rates, utilization and efficiency variances and specification and testing requirement changes. Services are generally invoiced upon milestones in the contract or upon consumption of the hourly resources and payments are typically due 30 days after invoice.

*BPO and Internet Services*

Revenue from BPO services is recognized based on the stage of completion which is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours for each contract. Internet services are invoiced either monthly, quarterly or half-yearly in advance to the customers and revenue is recognized ratably over time on a monthly basis.

**Disaggregated Revenue**

The Company disaggregates revenue from contracts with customers by category — core and non-core, as it believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Company's disaggregated revenue by category is as follows:

| | For the Years Ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| **Core:** | | |
| License | $ 4,954,378 | $ 598,633 |
| Subscription and support | 35,799,842 | 32,934,648 |
| Services | 30,568,111 | 28,921,965 |
| Total core revenue, net | 71,322,331 | 62,455,246 |
| **Non-Core:** | | |
| Services | 3,049,049 | 3,632,983 |
| Total non-core revenue, net | 3,049,049 | 3,632,983 |
| Total net revenue | $ 74,371,380 | $ 66,088,229 |

**Significant Judgments**

Due to the complexity of certain contracts, the revenue recognition treatment under Topic 606 for the Company's arrangements may depend on contract-specific terms and may vary in some instances.

Judgment is required to determine the SSP for each distinct performance obligation. The Company rarely licenses or sells products on a standalone basis, so the Company is required to estimate the range of SSPs for each performance obligation. In instances where SSP is not directly observable because the Company does not sell the license, product or service separately, the Company determines the SSP using information that may include market conditions and other observable inputs. In making these judgments, the Company analyzes various factors, including its pricing methodology and consistency, size of the arrangement, length of term, customer demographics and overall market and economic conditions. Based on these results, the estimated SSP is set for each distinct product or service delivered to customers.

The most significant judgments and estimates involved in the Company's revenue recognition policies are (1) determining the standalone selling prices of the Company's software licenses, and (2) measuring progress toward satisfaction of performance obligations for implementation, customization, and other services.

The standalone selling price of the licenses is measured primarily through an analysis of pricing that management evaluates when quoting prices to customers. Although the Company has no history of selling its software separately from post-contract support and other services, the Company does have historical experience with amending contracts with customers to provide additional modules of its software or providing those modules at an optional price. This information guides the Company in assessing the standalone selling price of the Company's software, since the Company can observe instances where a customer had a particular component of the Company's software that was essentially priced separately from other goods and services that the Company delivered to that customer.

The Company recognizes revenue from implementation and customization services over time using an input method based on person-days incurred relative to total estimated person-days required to complete the implementation or customization services. The Company believes that person-days provide a faithful depiction of the Company's performance because the level of effort required to satisfy the performance obligation is primarily driven by the amount of employee time devoted to the implementation or customization services. The Company reviews and updates its estimates of the total person-days required to complete these services at each reporting period. Changes in these estimates are accounted for on a cumulative catch-up basis in the period in which the estimates are revised.

If a group of agreements is entered into at or near the same time and so closely related that they are, in effect, part of a single arrangement, such agreements are deemed to be combined as one arrangement for revenue recognition purposes. The Company exercises significant judgment to evaluate the relevant facts and circumstances in determining whether agreements should be accounted for separately or as a single arrangement. The Company's judgments about whether a group of contracts comprises a single arrangement can affect the allocation of consideration to the distinct performance obligations, which could have an effect on results of operations for the periods involved.

If a contract includes variable consideration, the Company exercises judgment in estimating the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer. When estimating variable consideration, the Company considers all relevant facts and circumstances. Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

**Contract Balances**

The timing of revenue recognition may differ from the timing of invoicing to customers, and these timing differences result in receivables, contract assets, or contract liabilities on the Company's Consolidated Balance Sheets. The Company records contract assets when the Company has transferred goods or services but does not yet have the right to consideration. The Company records contract liabilities when the Company has received or has the right to receive consideration but has not yet transferred goods or services to the customer.

The contract assets are transferred to receivables when the rights to consideration become unconditional, usually upon completion of a milestone.

The Company's contract assets and contract liabilities are as follows:

| | As of June 30, 2026 | As of June 30, 2025 |
|---|---|---|
| Contract assets | $ 18,707,582 | $ 19,134,385 |
| Contract liabilities | $ 10,287,225 | $ 3,029,850 |

The Company's contract liabilities reconciliation is as follows:

| | | Contract Liabilities |
|---|---|---|
| Balance at June 30, 2024 | $ | 8,752,153 |
| Invoiced | | 23,567,456 |
| Revenue Recognized | | (29,201,839) |
| Adjustments | | (87,920) |
| Balance at June 30, 2025 | $ | 3,029,850 |
| Invoiced | | 40,414,180 |
| Revenue Recognized | | (33,023,905) |
| Adjustments | | (132,900) |
| Balance at June 30, 2026 | $ | 10,287,225 |

During the year ended June 30, 2026, the Company recognized revenue of $2,837,000, which was included in the contract liabilities balance at the beginning of the period. All other activity in contract liabilities is due to the timing of invoicing in relation to the timing of revenue recognition.

Revenue allocated to remaining performance obligations represents the transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, which includes contract liabilities and amounts that will be invoiced and recognized as revenue in future periods. Contracted but unsatisfied performance obligations were approximately $49,148,000 as of June 30, 2026, of which the Company estimates to recognize approximately $22,546,000 in revenue over the next 12 months and the remainder over an estimated 4 years thereafter. Actual revenue recognition depends in part on the timing of software modules installed at various customer sites. Accordingly, some factors that affect the Company's revenue, such as the availability and demand for modules within customer geographic locations, is not entirely within the Company's control. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined that its contracts generally do not include a significant financing component because the primary purpose of invoicing terms is to provide customers with simplified and predictable ways of purchasing the Company's products and services, and not to facilitate financing arrangements. For certain contracts where the timing between the transfer of goods or services and payment provides a significant financing component, the Company adjusts the promised amount of consideration for the effects of the time value of money using a discount rate that reflects the financing characteristics of the arrangement.

**Contract Liabilities**

The Company typically invoices its customers for subscription and support fees in advance on a quarterly or annual basis, with payment due at the start of the subscription or support term. Unpaid invoice amounts for non-cancelable licenses and services starting in future periods are included in accounts receivable and contract liabilities.

**Practical Expedients and Exemptions**

There are several practical expedients and exemptions allowed under Topic 606 that impact timing of revenue recognition and the Company's disclosures. The Company has applied the following practical expedients:

● The Company does not evaluate a contract for a significant financing component if payment is expected within one year or less from the transfer of the promised items to the customer.
● The Company generally expenses sales commissions and sales agent fees when incurred when the amortization period would have been one year or less or the commissions are based on cashed received. These costs are recorded within sales and marketing expense in the Consolidated Statement of Operations.
● The Company does not disclose the value of unsatisfied performance obligations for contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for services performed (applies to time-and-material engagements).

**Costs to Obtain a Contract**

The Company does not have a material amount of costs to obtain a contract capitalized at any balance sheet date. In general, the Company incurs few direct incremental costs of obtaining new customer contracts. The Company rarely incurs incremental costs to review or otherwise enter into contractual arrangements with customers. In addition, the Company's sales personnel receive fees that are referred to as commissions, but that are based on more than simply signing up new customers. The Company's sales personnel are required to perform additional duties beyond new customer contract inception dates, including fulfillment duties and collections efforts.

## NOTE 4 – EARNINGS PER SHARE

Basic earnings per share are computed based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options and stock awards.

The components of basic and diluted earnings per share were as follows:

| | For the year ended June 30, 2026 | | |
|---|---|---|---|
| | Net Income | Shares | Per Share |
| Basic income per share: | | | |
| Net income | $ 2,950,353 | 11,814,041 | $ 0.25 |
| Effect of dilutive securities | | | |
| Stock options | - | 13,909 | - |
| Diluted income per share | $ 2,950,353 | 11,827,950 | $ 0.25 |

| | For the year ended June 30, 2025 | | |
|---|---|---|---|
| | Net Income | Shares | Per Share |
| Basic income per share: | | | |
| Net income | $ 2,923,233 | 11,576,287 | $ 0.25 |
| Effect of dilutive securities | | | |
| Stock options | - | - | - |
| Diluted income per share | $ 2,923,233 | 11,576,287 | $ 0.25 |

As of June 30, 2026, 50,000 stock options were outstanding, resulting in 13,909 incremental shares included in the calculation of diluted earnings per share under the treasury stock method.

As of June 30, 2025, 50,000 options were outstanding. These options were not included in the computation of diluted earnings per share because their exercise price exceeded the average market price of the Company's common stock during the period and, therefore, their effect would have been anti-dilutive.

## NOTE 5 – MAJOR CUSTOMERS

### Revenue Concentration

For the year ended June 30, 2026, two customers accounted for 25.1% and 15.2% of net revenues. For the year ended June 30, 2025, two customers accounted for 19.1% and 16.1% of net revenues.

### Accounts Receivable Concentration

As of June 30, 2026, four customers accounted for 18.8%, 16.1%, 12.5% and 11.1% of accounts receivable. As of June 30, 2025, three customers accounted for 16.8%, 16.1%, and 10.8% of accounts receivable.

### Contract Assets Concentration

As of June 30, 2026, four customers accounted for 23.4%, 22.6%, 13.6%, and 10.0% of contract assets. As of June 30, 2025, four customers accounted for 24.2%, 16.9%, 15.9%, and 11.9% of contract assets.

## NOTE 6 - OTHER CURRENT ASSETS

Other current assets consisted of the following:

| | As of June 30, 2026 | As of June 30, 2025 |
|---|---|---|
| Prepaid Expenses | $ 1,232,691 | $ 1,760,321 |
| Advance Income Tax | 280,474 | 406,221 |
| Employee Advances | 589,755 | 151,355 |
| Security Deposits | 152,093 | 159,849 |
| Other Receivables | 371,530 | 410,489 |
| Other Assets | 583,772 | 315,233 |
| Net Balance | $ 3,210,315 | $ 3,203,468 |

**NOTE 7 – CONTRACT ASSETS – NON-CURRENT**

The Company records non-current contract assets at present value using a discounted cash flow method based on the expected timing of future cash flows. The discount rates used reflect the applicable borrowing rates at the time the related contract assets are initially recognized. The Company used discount rates ranging from 4.5% to 6.6% for contract assets initially recognized during the year ended June 30, 2026 and from 4.2% to 17.5% for contract assets initially recognized during the year ended June 30, 2025. The resulting discount is accreted over the period until the expected billing date, with the accretion recognized as interest income. During the years ended June 30, 2026 and 2025, the Company recognized $98,197 and $73,066, respectively, of interest income related to the accretion of the discount.

The reconciliation for the years ended June 30, 2026 and 2025 is as follows:

| | Contract assets, non-current | Present value discount | Total |
|---|---|---|---|
| Balance at June 30, 2024 | $ 1,106,475 | $ (152,446) | $ 954,029 |
| Additions | 559,032 | (128,921) | 430,111 |
| Accretion of discount | - | 73,066 | 73,066 |
| Transfers to current | (521,875) | - | (521,875) |
| Effect of translation adjustment | (31,829) | 264 | (31,565) |
| Balance at June 30, 2025 | $ 1,111,803 | $ (208,037) | $ 903,766 |
| Additions | 2,521,608 | (270,726) | 2,250,882 |
| Accretion of discount | - | 98,197 | 98,197 |
| Transfers to current | (707,890) | - | (707,890) |
| Effect of translation adjustment | (85,284) | 7,347 | (77,937) |
| Balance at June 30, 2026 | $ 2,840,237 | $ (373,219) | $ 2,467,018 |

**NOTE 8 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

| | As of June 30, 2026 | As of June 30, 2025 |
|---|---|---|
| Office Furniture and Equipment | $ 2,864,962 | $ 2,437,002 |
| Computer Equipment | 9,780,261 | 9,513,181 |
| Assets Under Capital Leases | 140,273 | 145,197 |
| Building | 3,606,143 | 3,532,475 |
| Land | 914,360 | 894,698 |
| Autos | 2,349,412 | 1,603,271 |
| Improvements | 267,292 | 217,230 |
| Subtotal | 19,922,703 | 18,343,054 |
| Accumulated Depreciation | (14,239,201) | (13,269,682) |
| Property and Equipment, Net | $ 5,683,502 | $ 5,073,372 |

For the years ended June 30, 2026 and 2025, depreciation expense totaled $1,238,421 and $1,463,783, respectively. Of these amounts, $783,692 and $952,331, respectively, are reflected in cost of revenues.

Following is a summary of fixed assets held under capital leases as of June 30, 2026 and 2025:

| | As of June 30, 2026 | As of June 30, 2025 |
|---|---|---|
| Vehicles | $ 140,273 | $ 145,197 |
| Total | 140,273 | 145,197 |
| Less: Accumulated Depreciation - Net | (79,973) | (47,807) |
| | $ 60,300 | $ 97,390 |

Finance lease term and discount rate were as follows:

| | As of June 30, 2026 | As of June 30, 2025 |
|---|---|---|
| Weighted average remaining lease term - Finance leases | 0.75 Years | 1.75 Years |
| Weighted average discount rate - Finance leases | 11.3% | 11.3% |

**NOTE 9 - LEASES**

The Company leases certain office space, office equipment and autos with remaining lease terms of 1 to 10 years under leases classified as financing and operating. For certain leases, the Company has options to extend the lease term for additional periods ranging from 1 to 10 years.

The Company treats a contract as a lease when the contract conveys the right to use a physically distinct asset for a period of time in exchange for consideration, or the Company directs the use of the asset and obtains substantially all the economic benefits of the asset. These leases are recorded as right-of-use ("ROU") assets and lease obligation liabilities for leases with terms greater than 12 months. ROU assets represent the Company's right to use an underlying asset for the entirety of the lease term. Lease liabilities represent the Company's obligation to make payments over the life of the lease. An ROU asset and a lease liability are recognized at the commencement of the lease based on the present value of the lease payments over the life of the lease. Initial direct costs are included as part of the ROU asset upon commencement of the lease. Since the interest rate implicit in a lease is generally not readily determinable for the operating leases, the Company uses an incremental borrowing rate to determine the present value of the lease payments. The incremental borrowing rate represents the rate of interest the Company would have to pay to borrow on a collateralized basis over a similar lease term to obtain an asset of similar value. For finance leases, the Company used the incremental borrowing rate implicit in the lease.

The Company reviews the impairment of ROU assets consistent with the approach applied for the Company's other long-lived assets. The Company reviews the recoverability of long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset from the expected undiscounted future pre-tax cash flows of the related operations.

The Company elected the practical expedient to exclude short-term leases (leases with original terms of 12 months or less) from ROU asset and lease liability accounts.

Lease expense is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred. Variable payments change due to facts or circumstances occurring after the commencement date, other than the passage of time, and do not result in a re-measurement of lease liabilities. The Company's variable lease payments include payments for finance leases that are adjusted based on a change in the Karachi Inter Bank Offer Rate. The Company's lease agreements do not contain any significant residual value guarantees or restrictive covenants.

Supplemental balance sheet information related to leases was as follows:

| | As of June 30, 2026 | As of June 30, 2025 |
|---|---|---|
| Assets | | |
| Operating lease assets, net | $ 831,196 | $ 809,513 |
| | | |
| Liabilities | | |
| Current | | |
| Operating | $ 447,332 | $ 433,242 |
| Non-current | | |
| Operating | 428,491 | 333,374 |
| Total Lease Liabilities | $ 875,823 | $ 766,616 |

The components of lease cost were as follows:

| | For the Years Ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| Amortization of finance lease assets | $ 32,343 | $ 37,228 |
| Interest on finance lease obligation | 12,109 | 11,845 |
| Operating lease cost | 635,847 | 383,760 |
| Short term lease cost | 314,507 | 237,733 |
| Sub lease income | (35,656) | (34,180) |
| Total lease cost | $ 959,150 | $ 636,386 |

Lease term and discount rate were as follows:

| | As of June 30, 2026 | As of June 30, 2025 |
|---|---|---|
| Weighted average remaining lease term - Operating leases | 1.99 Years | 1.44 Years |
| Weighted average discount rate - Operating leases | 5.0% | 4.8% |

Supplemental disclosures of cash flow information related to leases were as follows:

| | For the Years Ended June 30, 2026 | For the Years Ended June 30, 2025 |
|---|---|---|
| Operating cash flows related to operating leases | $ 754,670 | $ 364,956 |
| Operating cash flows related to finance leases | $ 12,108 | $ 11,841 |
| Financing cash flows related finance leases | $ 12,066 | $ 15,109 |

Maturities of operating lease liabilities were as follows as of June 30, 2026:

| | Amount |
|---|---|
| Within year 1 | $ 479,413 |
| Within year 2 | 314,315 |
| Within year 3 | 129,184 |
| Total Lease Payments | 922,912 |
| Less: Imputed interest | (47,089) |
| Present Value of lease liabilities | 875,823 |
| Less: Current portion | (447,332) |
| Non-Current portion | $ 428,491 |

The Company is a lessor for certain office space leased by the Company and sub-leased to others under non-cancellable leases. These lease agreements provide for a fixed base rent and terminate by January 2027. All leases are considered operating leases. There are no rights to purchase the premises and no residual value guarantees. For the years ended June 30, 2026 and 2025, the Company received lease income of $35,656 and $34,180, respectively.

**NOTE 10 – GOODWILL**

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired in prior period business combinations. Goodwill was comprised of the following amounts:

| Entity (Segment) | As of June 30, 2026 | As of June 30, 2025 |
|---|---|---|
| NetSol PK (Asia - Pacific) | $ 1,166,610 | $ 1,166,610 |
| NTE (Europe) | 3,471,814 | 3,471,814 |
| NTA (North America) | 4,664,100 | 4,664,100 |
| Total | $ 9,302,524 | $ 9,302,524 |

**NOTE 11 – OTHER INTANGIBLE ASSETS**

Other intangible assets consist of capitalized costs of internally developed software.

| | | June 30, 2026 |
|---|---|---|
| Balance at June 30, 2025 | $ | - |
| Capitalized development cost | | 2,686,392 |
| Amortization expense | | - |
| Net carrying value at June 30, 2026 | $ | 2,686,392 |

During the year ended June 30, 2026, the Company capitalized $2,686,392 of costs related to internal-use software projects. As of June 30, 2026, these projects had not been placed into service and, accordingly, no amortization expense was recognized during the year.

**NOTE 12 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consisted of the following:

| | | As of June 30, 2026 | | As of June 30, 2025 |
|---|---|---|---|---|
| Accounts Payable | $ | 1,269,674 | $ | 981,504 |
| Accrued Liabilities | | 4,576,765 | | 4,502,366 |
| Accrued Payroll | | 1,854,958 | | 1,313,127 |
| Accrued Payroll Taxes | | 152,082 | | 329,618 |
| Taxes Payable | | 575,039 | | 600,199 |
| Other Payable | | 279,511 | | 284,030 |
| Total | $ | 8,708,029 | $ | 8,010,844 |

**NOTE 13 – DEBTS**

Notes payable and capital leases consisted of the following:

| | | As of June 30, 2026 | | |
|---|---|---|---|---|
| Name | | Total | Current Maturities | Long-Term Maturities |
| D&O Insurance | (1) | $ 121,043 | $ 121,043 | $ - |
| Line of Credit | (2) | - | - | - |
| Bank Overdraft Facility | (3) | - | - | - |
| Loan Payable Bank - Export Refinance | (4) | 1,798,302 | 1,798,302 | - |
| Loan Payable Bank - Running Finance | (5) | - | - | - |
| Loan Payable Bank - Export Refinance II | (6) | - | - | - |
| Loan Payable Bank - Export Refinance III | (7) | - | - | - |
| Loan Payable Bank - Export Refinance IV | (8) | 1,366,710 | 1,366,710 | - |
| Loan Payable Bank - Export Refinance V | (9) | 4,675,586 | 4,675,586 | - |
| Sale and Leaseback Financing | (10) | 354,169 | 146,062 | 208,107 |
| | | 8,315,810 | 8,107,703 | 208,107 |
| Subsidiary Finance Leases | (11) | 84,342 | 79,467 | 4,875 |
| | | $ 8,400,152 | $ 8,187,170 | $ 212,982 |

| | | As of June 30, 2025 | | |
|---|---|---|---|---|
| Name | | Total | Current Maturities | Long-Term Maturities |
| D&O Insurance | (1) | $ 119,542 | $ 119,542 | $ - |
| Line of Credit | (2) | 405,000 | 405,000 | - |
| Bank Overdraft Facility | (3) | - | - | - |
| Loan Payable Bank - Export Refinance | (4) | 1,759,634 | 1,759,634 | - |
| Loan Payable Bank - Running Finance | (5) | - | - | - |
| Loan Payable Bank - Export Refinance II | (6) | - | - | - |
| Loan Payable Bank - Export Refinance III | (7) | - | - | - |
| Loan Payable Bank - Export Refinance IV | (8) | 1,337,322 | 1,337,322 | - |
| Loan Payable Bank - Export Refinance V | (9) | 4,575,048 | 4,575,048 | - |
| Sale and Leaseback Financing | (10) | 76,618 | 29,660 | 46,958 |
| | | 8,273,164 | 8,226,206 | 46,958 |
| Subsidiary Finance Leases | (11) | 101,505 | 13,855 | 87,650 |
| | | $ 8,374,669 | $ 8,240,061 | $ 134,608 |

(1) The Company finances Directors' and Officers' ("D&O") liability insurance and Errors and Omissions ("E&O") liability insurance, for which the D&O and E&O balances are renewed on an annual basis and, as such, are recorded in current maturities. The interest rates on these financings range from 7.4% to 7.8% and 8.4% to 11.6% as of June 30, 2026 and 2025, respectively.

(2) The Company has an uncommitted discretionary demand line of credit up to an aggregate amount of $1,000,000 with HSBC, secured by a lien on the Company's assets. The annual interest rate was 8.0% and 7.75% as of June 30, 2026 and 2025, respectively. The total outstanding balance as of June 30, 2026 and 2025, was $nil and $405,000, respectively.

(3) The Company's subsidiary, NTE, has an overdraft facility with HSBC Bank plc whereby the bank would cover any overdrafts up to £300,000, or approximately $394,737. The annual interest rate was 8.0% and 8.5% as of June 30, 2026 and 2025, respectively. The total outstanding balance as of June 30, 2026 and 2025 was £nil.

This overdraft facility requires that the aggregate amount of invoiced trade debtors (net of provisions for bad and doubtful debts and excluding intra-group debtors) of NTE, not exceeding 90 days old, will not be less than an amount equal to 200% of the facility. As of June 30, 2026, NTE was in compliance with this covenant.

(4) The Company's subsidiary, NetSol PK, has an export refinance facility with Askari Bank Limited, secured by NetSol PK's assets. This is a revolving loan that matures every six months. The total facility amount is Rs. 600,000,000 or $2,157,963 and Rs. 600,000,000 or $2,111,561 at June 30, 2026 and 2025, respectively. NetSol PK used Rs. 500,000,000 or $1,798,302 at June 30, 2026 and Rs. 500,000,000 or $1,759,634 at June 30, 2025. The interest rate for the loan was 4.5% and 8.0% at June 30, 2026 and 2025, respectively.

(5) The Company's subsidiary, NetSol PK, has a running finance facility with Askari Bank Limited, secured by NetSol PK's assets. The total facility amount is Rs. 4,050,937 or $14,570 and Rs. 4,050,937 or $14,256, at June 30, 2026 and 2025, respectively. The balance outstanding at June 30, 2026 and 2025 was Rs. Nil. The interest rate for the loan was 13.8% and 13.2% at June 30, 2026 and 2025, respectively.

(6) The Company's subsidiary, NetSol PK, has an export refinance facility with Bank Al-Habib Limited, secured by NetSol PK's assets. This is a revolving loan that matures every six months. The total facility amount is Rs. 400,000,000 or $1,438,642 at June 30, 2026. NetSol PK has not used this facility at June 30, 2026. The interest rate for the loan was 4.5% at June 30, 2026.

(7) The Company's subsidiary, NetSol PK, has an export refinance facility with Bank of Punjab, secured by NetSol PK's assets. This is a revolving loan that matures every six months. The total facility amount is Rs. 200,000,000 or $719,321 at June 30, 2026. NetSol PK has not used this facility at June 30, 2026. The interest rate for the loan was 4.5% at June 30, 2026.

These facilities require NetSol PK to maintain a long-term debt equity ratio of 60:40 and the current ratio of 1:1. As of June 30, 2026, NetSol PK was in compliance with this covenant.

(8) The Company's subsidiary, NetSol PK, has an export refinance facility with Samba Bank Limited, secured by NetSol PK's assets. This is a revolving loan that matures every six months. The total facility amount is Rs. 380,000,000 or $1,366,710 and Rs. 380,000,000 or $1,337,322, at June 30, 2026 and 2025, respectively. NetSol PK used Rs. 380,000,000 or $1,366,710 and Rs. 380,000,000 or $1,337,322, at June 30, 2026 and 2025, respectively. The interest rate for the loan was 4.5% and 8.0% at June 30, 2026 and 2025, respectively.

During the loan tenure, the facilities from Samba Bank Limited require NetSol PK to maintain at a minimum a current ratio of 1:1, an interest coverage ratio of 4 times, a leverage ratio of 2 times, and a debt service coverage ratio of 4 times. As of June 30, 2026, NetSol PK was in compliance with these covenants.

(9) The Company's subsidiary, NetSol PK, has an export refinance facility with Habib Metro Bank Limited, secured by NetSol PK's assets. This is a revolving loan that matures every six months. The total facility amount is Rs. 1,300,000,000 or $4,675,586 and Rs. 1,300,000,000 or $4,575,048, at June 30, 2026 and 2025, respectively. NetSol PK used Rs. 1,300,000,000 or $4,675,586 and Rs. 1,300,000,000 or $4,575,048, at June 30, 2026 and 2025, respectively. The interest rate for the loan was 4.5% and 8.0% at June 30, 2026 and 2025, respectively.

(10) The Company's subsidiary, NetSol PK, availed sale and leaseback financing from First Habib Modaraba secured by the transfer of the vehicles' title. As of June 30, 2026, NetSol PK used Rs. 98,473,095 or $354,169 of which $208,107 was shown as long-term and $146,062 as current. As of June 30, 2025, NetSol PK used Rs. 21,771,042 or $76,618 of which $46,958 was shown as long-term and $29,660 as current. The interest rate for the loan ranged between 11.4% and 12.3% at June 30, 2026. The interest rate for the loan ranged between 12.3% and 24.2% at June 30, 2025.

(11) The Company leases various fixed assets under capital lease arrangements expiring in various years through 2029. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are secured by the assets themselves. Depreciation of assets under capital leases is included in depreciation expense for the years ended June 30, 2026 and 2025.

Following is the aggregate minimum future lease payments under capital leases as of June 30, 2026:

| | Amount |
|---|---|
| Minimum Lease Payments | |
| Within year 1 | $ 88,176 |
| Within year 2 | 2,607 |
| Within year 3 | 3,042 |
| Total Minimum Lease Payments | 93,825 |
| Interest Expense relating to future periods | (9,483) |
| Present Value of minimum lease payments | 84,342 |
| Less: Current portion | (79,467) |
| Non-Current portion | $ 4,875 |

Following is the aggregate future long term debt payments, which consists of "Sale and Leaseback Financing (10)", as of June 30, 2026:

| | Amount |
|---|---|
| Loan Payments | |
| Within year 1 | $ 146,062 |
| Within year 2 | 162,845 |
| Within year 3 | 45,262 |
| Total Loan Payments | 354,169 |
| Less: Current portion | (146,062) |
| Non-Current portion | $ 208,107 |

**NOTE 14 – INCOME TAXES**

The Company is incorporated in the State of Nevada and registered to do business in the State of California. The following is a breakdown of income before the provision for income taxes:

Consolidated pre-tax income (loss) consists of the following:

| | For the Years Ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| US operations | $ (669,670) | $ 1,099,957 |
| Foreign operations | 7,895,549 | 4,947,300 |
| | $ 7,225,879 | $ 6,047,257 |

The components of the provision for income taxes are as follows:

| | For the Years Ended June 30, 2026 | For the Years Ended June 30, 2025 |
|---|---|---|
| Current: | | |
| Federal | $ - | $ - |
| State and Local | 24,552 | 1,600 |
| Foreign | 1,653,965 | 1,411,601 |
| | | |
| Deferred: | | |
| Federal | - | - |
| State and Local | - | - |
| Foreign | (48,141) | 63,137 |
| Provision for income taxes | $ 1,630,376 | $ 1,476,338 |

A reconciliation of taxes computed at the statutory federal income tax rate to income tax expense (benefit) is as follows:

| | For the Year Ended June 30, 2026 | |
|---|---|---|
| Income tax (benefit) provision at statutory rate | $ 1,517,432 | 21.0% |
| State income (benefit) taxes, net of federal tax benefit | 2,636 | 0.0% |
| **Foreign tax effects** | | |
| Pakistan statutory rate differential | 515,228 | 7.1% |
| China statutory rate differential | (107,494) | -1.5% |
| United Arab Emirates statutory rate differential | (372,081) | -5.1% |
| Pakistan alternative tax regimes | (151,661) | -2.1% |
| Pakistan prior-period super tax | 442,805 | 6.1% |
| Other foreign tax effects | 208,276 | 2.9% |
| Changes in valuation allowances | 387,154 | 5.4% |
| **Nontaxable or nondeductible items** | | |
| Pakistan tax-exempt income | (1,486,727) | -20.6% |
| Thailand nondeductible bad debt | 526,377 | 7.3% |
| Nondeductible executive compensation | 135,822 | 1.9% |
| Other nontaxable or nondeductible items | 49,405 | 0.7% |
| Other | (36,796) | -0.5% |
| Income tax expense (benefit) | $ 1,630,376 | 22.6% |

Deferred income tax assets and liabilities as of June 30, 2026 and 2025 consist of tax effects of temporary differences related to the following:

| | For the Years Ended June 30, 2026 | 2025 |
|---|---|---|
| Net operating loss carry forwards | $ 12,003,107 | $ 10,963,495 |
| Other | 220,065 | 200,323 |
| Total deferred tax assets | 12,223,172 | 11,163,818 |
| Valuation allowance for deferred tax assets | (12,097,786) | (11,163,818) |
| Deferred tax assets, net of valuation allowance | 125,386 | - |
| Deferred tax liabilities | (119,787) | (171,096) |
| Net deferred tax asset (liability) | $ 5,599 | $ (171,096) |

The following table presents income taxes paid, net of refunds received, disaggregated by federal, state and local, and foreign jurisdictions for the year ended June 30, 2026.

| For the year the ended June 30, 2026 | Income taxes paid, net of refunds received |
|---|---|
| U.S. federal | $ - |
| State and local | 24,552 |
| **Foreign** | |
| United Kingdom | 562,528 |
| Pakistan | 588,050 |
| Thailand | 90,100 |
| UAE | 249,835 |
| All other foreign jurisdictions | - |
| Total foreign | 1,490,513 |
| Total income taxes paid, net of refunds received | $ 1,515,065 |

The Company maintains a valuation allowance against deferred tax assets when, based on the weight of available positive and negative evidence, management determines that it is more likely than not that such deferred tax assets will not be realized. The valuation allowance was $12,097,786 and $11,163,818 as of June 30, 2026 and 2025, respectively. The valuation allowance increased by $933,968 for the year ended June 30, 2026.

At June 30, 2026, federal and state net operating loss carryforwards in the United States of America were $30,182,032 and $8,947,835, respectively. Federal net operating loss carryforwards begin to expire in 2028, while state net operating loss carryforwards are expiring each year. Due to both historical and recent changes in the capitalization structure of the Company, the utilization of net operating losses may be limited pursuant to section 382 of the Internal Revenue Code. Net operating losses related to foreign entities were $19,820,304 at June 30, 2026.

As of June 30, 2026, the Company does not have any unrecognized tax benefits related to various federal and state income tax matters. The Company will recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense.

The Company is subject to U.S. federal income tax, as well as various state and foreign jurisdictions. The Company is currently open to audit under the statute of limitations by the federal and state jurisdictions for the years ending June 30, 2023 through 2026. The Company does not anticipate any material amount of unrecognized tax benefits within the next 12 months.

The cumulative amount of undistributed earnings of foreign subsidiaries that the Company intends to permanently invest and upon which no deferred US income taxes have been provided is $38,122,442 as of June 30, 2026. The additional US income tax on unremitted foreign earnings, if repatriated, would be offset in part by foreign tax credits. The extent of this offset would depend on many factors, including the method of distribution, and specific earnings distributed. The Company determined that it is not practicable to determine unrecognized deferred tax liability associated with the unremitted earnings attributable to the foreign subsidiaries.

**NOTE 15 - STOCKHOLDERS' EQUITY**

During the years ended June 30, 2026 and 2025, the Company issued 37,878 and 58,335 shares of common stock, respectively, to the independent Board of Directors as part of their board compensation. The grant date fair value was $144,000 and $159,000 for each period, and was recorded as compensation expense in the accompanying consolidated financial statements.

During the years ended June 30, 2026 and 2025, the Company issued 41,997 and 59,528 shares of common stock to the CEO for his bonus earned in fiscal years 2025 and 2024. The fair market value of the shares was $122,091 and $151,201, respectively.

During the year ended June 30, 2026, the Company accrued 44,985 shares of common stock to the CEO for his bonus earned in fiscal years 2026. The fair market value of the shares was $207,828.

During the year ended June 30, 2026, the Company accrued 66,571 shares of common stock to one-employee. The fair market value of the shares was $231,000.

During the year ended June 30, 2026 and 2025, the Company issued 24,688 and 2,680 shares of common stock to a consultant pursuant to the terms of his consultancy agreement. The grant date fair value of the shares was $91,667 and $8,333 and was recorded as compensation expense in the accompanying consolidated financial statements.

During the year ended June 30, 2026, the Company issued 20,000 shares of common stock to employees pursuant to the terms of their employment agreements. The grant date fair value of the shares was $84,400 and was recorded as compensation expense in the accompanying consolidated financial statements.

**NOTE 16 – EQUITY INCENTIVE PLAN**

At the Company's 2025 annual meeting of shareholders, the shareholders approved the 2025 Equity Incentive Plan (the "2025 Plan"). The 2025 Plan is the Company's sole active equity compensation plan and provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, and other stock-based awards to employees, directors, and consultants. The maximum number of shares of common stock authorized for issuance under the 2025 Plan is 1,100,000. Shares subject to awards that are forfeited, canceled, or expire without being exercised become available for grant under the plan. The 2025 Plan is administered by the Compensation Committee of the Board of Directors, which has discretion to determine the terms of awards, including vesting and performance conditions. The exercise price of stock options may not be less than the fair market value of the Company's common stock on the date of grant, and the maximum term of any option is ten years. As of June 30, 2026, the remaining shares to be granted are 789,358 under the 2025 Plan.

**<u>Stock Grants</u>**

The following table summarizes stock grants awarded as compensation:

| | # Number of shares | Weighted Average Grant Date Fair Value ($) |
|---|---|---|
| Unvested, June 30, 2024 | - | $ - |
| Granted | 120,543 | $ 2.64 |
| Vested | (120,543) | $ 2.64 |
| Forfeited / Cancelled | - | $ - |
| Unvested, June 30, 2025 | - | $ - |
| Granted | 236,119 | $ 3.73 |
| Vested | (236,119) | $ 3.73 |
| Unvested, June 30, 2026 | - | $ - |

For the years ended June 30, 2026 and 2025, the Company recorded stock-based compensation expense of $758,895 and $167,333, respectively. In addition, 41,997 shares were issued to the CEO for his bonus, which was earned during fiscal years 2025 and 2024. The weighted average grant date fair value is determined by the Company's closing stock price on the grant date.

Common stock purchase options consisted of the following:

**OPTIONS:**

| | # of shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (in years) | Aggregated Intrinsic Value |
|---|---|---|---|---|
| Outstanding and exercisable, June 30, 2024 | 250,000 | $ 2.15 | 0.5 | $ - |
| Granted | 50,000 | 2.94 | 1.89 | |
| Exercised | (220,000) | 2.15 | - | |
| Expired / Cancelled | (30,000) | 2.15 | - | |
| Outstanding and exercisable, June 30, 2025 | 50,000 | $ 2.94 | 1.89 | |
| Granted | - | - | - | |
| Exercised | - | - | - | |
| Expired / Cancelled | - | - | - | |
| Outstanding and exercisable, June 30, 2026 | 50,000 | $ 2.94 | 0.90 | $ 84,000 |

The aggregate intrinsic value at June 30, 2026 represents the difference between the Company's closing stock price of $4.62 on June 30, 2026 and the exercise price of the in-the-money stock options.

The following table summarizes information about stock options outstanding and exercisable at June 30, 2026.

| Exercise Price | Number Outstanding and Exercisable | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price |
|---|---|---|---|
| ***OPTIONS:*** | | | |
| $2.94 | 50,000 | 0.90 | $ 2.94 |
| Totals | 50,000 | 0.90 | $ 2.94 |

**OPTIONS**

During the year ended June 30, 2025, the Company granted 50,000 options to a consultant with an exercise price of $2.94 per share, a two-year expiration date, and immediate vesting. Using the Black-Scholes method to value the options, the Company recorded $25,149 in compensation expense for these options in the accompanying consolidated financial statements.

The following table includes the assumptions used in the calculations:

| | June 30, 2025 |
|---|---|
| Risk-free interest rate | 3.99% |
| Expected life | 1 year |
| Expected volatility | 38.8% |
| Expected dividend | 0% |

In determining the fair value of share options, the Company utilized the simplified method to estimate the expected term for certain share option grants. The simplified method was applied due to the Company's lack of sufficient historical data on employee exercise behavior, which would otherwise be necessary to develop a more precise estimate of the expected term. The simplified method estimates the expected term as the midpoint between the vesting period and the contractual term of the options.

In determining the fair value of share options, the Company utilized historical volatility as the basis for its expected volatility assumption. Historical volatility was calculated using the daily closing prices of the Company's common stock over a period commensurate with the expected term of the share options. The Company determined that historical volatility was an appropriate measure of future expectations, as it reflects the stock's past performance and market conditions. No significant adjustments were made to historical volatility, as the Company believes it provides a reasonable estimate of expected volatility for the purposes of option valuation.

**NOTE 17 – RETIREMENT PLANS**

The Company and its subsidiaries have varying defined contribution plans based on country-specific laws. Employer contributions vary by subsidiary from 0% up to 8% taking the form in some jurisdictions of employee matching contributions and in others direct employer contributions mandated by local law. During the years ended June 30, 2026 and 2025, the Company contributed $1,456,210 and $1,363,234, respectively, to these plans.

**NOTE 18 – SEGMENT INFORMATION AND GEOGRAPHIC AREAS**

The Company has identified three segments for its products and services: North America, Europe, and Asia-Pacific. The reportable segments are business units located in different global regions. Each business unit provides similar products and services: license fees for leasing and asset-based software, subscription and support fees, and implementation and IT consulting services. Separate management of each segment is required because each business unit is subject to different operational issues and strategies due to its particular regional location. The Company's chief operating decision maker ("CODM") evaluates performance and allocates resources based on gross profit and income from operations. The Company has designated its Chief Executive Officer as the CODM.

Segment assets include all assets attributable to operations within the respective geographic regions, including cash, accounts receivable, contract assets, and property, plant, and equipment. Corporate assets, which primarily consist of cash and cash equivalents, goodwill, and assets associated with the Company's corporate headquarters, are not allocated to the geographic segments and are shown separately.

The accounting policies of the reportable segments are the same as those described in Note 1, "Summary of Significant Accounting Policies." Intersegment revenues are eliminated in consolidation.

The following tables present financial information by reportable segment for the year ended June 30, 2026:

| | For the Year Ended June 30, 2026 | | | |
|---|---|---|---|---|
| | North America | Europe | Asia - Pacific | Total |
| Revenues | | | | |
| License | $ - | $ 181,970 | $ 4,772,408 | $ 4,954,378 |
| Subscription and support | 5,486,750 | 5,462,370 | 24,850,722 | 35,799,842 |
| Services | 3,568,641 | 8,400,105 | 21,648,414 | 33,617,160 |
| Intersegment revenues | - | - | 3,774,495 | 3,774,495 |
| Total revenue from reportable segments | $ 9,055,391 | $ 14,044,445 | $ 55,046,039 | $ 78,145,875 |
| Elimination of intersegment revenues | | | | (3,774,495) |
| Total consolidated revenues | | | | $ 74,371,380 |
| | | | | |
| Revenues from reportable segments | $ 9,055,391 | $ 14,044,445 | $ 55,046,039 | $ 78,145,875 |
| | | | | |
| Salaries and consultants | 1,685,067 | 4,021,044 | 19,991,225 | 25,697,336 |
| Travel | 389,367 | 328,244 | 2,092,081 | 2,809,692 |
| Depreciation | - | - | 783,692 | 783,692 |
| Other (a) | 2,167,973 | 3,135,682 | 4,404,157 | 9,707,812 |
| Gross Profit | 4,812,984 | 6,559,475 | 27,774,884 | 39,147,343 |
| | | | | |
| Selling and marketing | 2,721,440 | 1,522,634 | 7,072,530 | 11,316,604 |
| Depreciation | 7,360 | 174,083 | 273,286 | 454,729 |
| General and administrative | 957,047 | 3,487,884 | 9,907,783 | 14,352,714 |
| Income (loss) from operations - reportable segments | $ 1,127,137 | $ 1,374,874 | $ 10,521,285 | $ 13,023,296 |
| | | | | |
| Reconciliation: | | | | |
| Income (loss) from operations - reportable segments | | | | $ 13,023,296 |
| Corporate operating expenses | | | | (6,076,631) |
| Interest expense | | | | (605,619) |
| Interest income | | | | 1,071,472 |
| Gain (loss) on foreign currency exchange transactions | | | | (389,814) |
| Other income (expense) | | | | 203,175 |
| Net income (loss) before income taxes | | | | $ 7,225,879 |

| | As of June 30, 2026 | | | |
|---|---|---|---|---|
| Segment assets: | North America | Europe | Asia - Pacific | Total |
| Cash | $ 399,011 | $ 1,539,968 | $ 24,997,445 | $ 26,936,424 |
| Accounts receivable, net of allowance | 930,051 | 1,205,268 | 8,151,023 | 10,286,342 |
| Contract assets, net of allowance | 608,239 | 4,316,555 | 13,782,788 | 18,707,582 |
| Other segment assets (b) | 162,451 | 1,146,259 | 10,767,095 | 12,075,805 |
| Total segment assets | $ 2,099,752 | $ 8,208,050 | $ 57,698,351 | $ 68,006,153 |
| | | | | |
| Asset Reconciliation | | | | |
| Total assets for reportable segments | | | | 68,006,153 |
| Corporate assets | | | | 530,372 |
| Goodwill not allocated to segments | | | | 9,302,524 |
| Consolidated total | | | | $ 77,839,049 |

| | For the Year ended June 30, 2026 | | | |
|---|---|---|---|---|
| | North America | Europe | Asia - Pacific | Total |
| Expenditures for property, plant and equipment | $ 21,100 | $ 26,445 | $ 1,959,569 | $ 2,007,114 |

The following tables present financial information by reportable segment for the year ended June 30, 2025:

| | For the Year Ended June 30, 2025 | | | |
|---|---|---|---|---|
| | North America | Europe | Asia - Pacific | Total |
| Revenues | | | | |
| License | $ - | $ 111,377 | $ 487,256 | $ 598,633 |
| Subscription and support | 5,603,900 | 4,560,260 | 22,770,488 | 32,934,648 |
| Services | 6,399,927 | 9,972,363 | 16,182,658 | 32,554,948 |
| Intersegment revenues | | | 7,000,458 | 7,000,458 |
| Total revenue from reportable segments | $ 12,003,827 | $ 14,644,000 | $ 46,440,860 | $ 73,088,687 |
| Elimination of intersegment revenues | | | | (7,000,458) |
| Total consolidated revenues | | | | $ 66,088,229 |
| | | | | |
| Revenues from reportable segments | $ 12,003,827 | $ 14,644,000 | $ 46,440,860 | $ 73,088,687 |
| | | | | |
| Salaries and consultants | 2,074,573 | 4,607,703 | 19,115,189 | 25,797,465 |
| Travel | 277,680 | 162,193 | 1,623,638 | 2,063,511 |
| Depreciation | - | - | 952,331 | 952,331 |
| Other (a) | 3,497,607 | 4,836,247 | 3,366,994 | 11,700,848 |
| Gross Profit | 6,153,967 | 5,037,857 | 21,382,708 | 32,574,532 |
| | | | | |
| Selling and marketing | 2,103,890 | 1,341,023 | 6,278,262 | 9,723,175 |
| Depreciation | 3,167 | 186,927 | 321,358 | 511,452 |
| General and administrative | 755,194 | 4,059,517 | 8,502,694 | 13,317,405 |
| Income (loss) from operations - reportable segments | $ 3,291,716 | $ (549,610) | $ 6,280,394 | $ 9,022,500 |
| | | | | |
| Reconciliation: | | | | |
| Income (loss) from operations - reportable segments | | | | $ 9,022,500 |
| Corporate operating expenses | | | | (5,520,782) |
| Interest expense | | | | (871,355) |
| Interest income | | | | 1,871,040 |
| Gain (loss) on foreign currency exchange transactions | | | | 1,301,613 |
| Other income (expense) | | | | 244,241 |
| Net income (loss) before income taxes | | | | $ 6,047,257 |

| | As of June 30, 2025 | | | |
|---|---|---|---|---|
| Segment assets: | North America | Europe | Asia - Pacific | Total |
| Cash | $ 387,955 | $ 1,138,048 | $ 15,248,031 | $ 16,774,034 |
| Accounts receivable, net of allowance | 581,872 | 1,084,418 | 5,861,282 | 7,527,572 |
| Contract assets, net of allowance | 1,967,757 | 3,178,780 | 13,987,848 | 19,134,385 |
| Other segment assets (b) | 243,550 | 1,580,534 | 7,066,725 | 8,890,809 |
| Total segment assets | $ 3,181,134 | $ 6,981,780 | $ 42,163,886 | $ 52,326,800 |
| | | | | |
| Asset Reconciliation | | | | |
| Total assets for reportable segments | | | | $ 52,326,800 |
| Corporate assets | | | | 811,785 |
| Goodwill not allocated to segments | | | | 9,302,524 |
| Consolidated total | | | | $ 62,441,109 |

| | For the year ended June 30, 2025 | | | |
|---|---|---|---|---|
| | North America | Europe | Asia - Pacific | Total |
| Expenditures for property, plant and equipment | $ 17,332 | $ 9,929 | $ 1,355,509 | $ 1,382,770 |

(a)Other costs of goods sold include computer costs, third-party hardware and software costs, repair and maintenance, insurance, utilities, and communication expenses.

(b)Other assets include property and equipment, right of use of assets, advances, deposits, and prepayments.

**Geographic Information**

The following table presents geographic information for revenues and long-lived assets for the years ended June 30 2026 and 2025.

| | June 30, 2026 | | June 30, 2025 | |
|---|---|---|---|---|
| | **Revenue** | **Long-lived Assets** | **Revenue** | **Long-lived Assets** |
| China | $ 19,210,603 | $ 963,696 | $ 17,043,193 | $ 108,837 |
| Thailand | 5,427,978 | 216,790 | 2,745,299 | 585,401 |
| USA | 7,912,604 | 171,348 | 10,763,285 | 175,247 |
| UK | 14,044,445 | 681,768 | 14,644,000 | 998,465 |
| Pakistan & India | 3,127,103 | 9,205,752 | 2,292,058 | 4,514,487 |
| Australia & New Zealand | 14,653,482 | 9,082 | 8,609,997 | 5,923 |
| Mexico | 1,142,788 | - | 1,240,542 | - |
| Indonesia | 3,143,602 | - | 4,138,350 | - |
| South Africa | 729,724 | - | 814,817 | - |
| South Korea | 1,820,581 | - | 1,506,456 | - |
| Other Countries | 3,158,470 | 426,913 | 2,290,232 | 430,622 |
| **Total** | **$ 74,371,380** | **$ 11,675,349** | **$ 66,088,229** | **$ 6,818,982** |

Disclosed in the table below is the geographic information of total revenues by country for the years ended June 30, 2026 and 2025.

| | Revenues 2026 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | China | Thailand | USA | UK | Pakistan & India | Australia & New Zealand | Mexico | Indonesia | South Africa | South Korea | Other Countries |
| North America: | $ 9,055,392 | $ - | $ - | $7,912,604 | $ - | $ - | $ - | $1,142,788 | $ - | $ - | $ - | $ - |
| Europe: | 14,044,445 | - | - | - | 14,044,445 | - | - | - | - | - | - | - |
| Asia-Pacific: | 51,271,543 | 19,210,603 | 5,427,978 | - | - | 3,127,103 | 14,653,482 | - | 3,143,602 | 729,724 | 1,820,581 | 3,158,470 |
| Total | $74,371,380 | $19,210,603 | $5,427,978 | $7,912,604 | $14,044,445 | $3,127,103 | $14,653,482 | $1,142,788 | $3,143,602 | $729,724 | $1,820,581 | $3,158,470 |

| | Revenues 2025 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | China | Thailand | USA | UK | Pakistan & India | Australia & New Zealand | Mexico | Indonesia | South Africa | South Korea | Other Countries |
| North America: | $12,003,827 | $ - | $ - | $10,763,285 | $ - | $ - | $ - | $1,240,542 | $ - | $ - | $ - | $ - |
| Europe: | 14,644,000 | - | - | - | 14,644,000 | - | - | - | - | - | - | - |
| Asia-Pacific: | 39,440,402 | 17,043,193 | 2,745,299 | - | - | 2,292,058 | 8,609,997 | - | 4,138,350 | 814,817 | 1,506,456 | 2,290,232 |
| Total | $66,088,229 | $17,043,193 | $2,745,299 | $10,763,285 | $14,644,000 | $2,292,058 | $8,609,997 | $1,240,542 | $4,138,350 | $814,817 | $1,506,456 | $2,290,232 |

**NOTE 19 – NON-CONTROLLING INTEREST IN SUBSIDIARIES**

The Company had non-controlling interests in several of its subsidiaries. The balance of non-controlling interest was as follows:

| SUBSIDIARY | Non-Controlling Interest % | | Non-Controlling Interest at June 30, 2026 |
|---|---|---|---|
| NetSol PK | 31.48% | $ | 7,300,697 |
| NetSol Innovation | 31.48% | | (767,076) |
| NAMECET | 31.48% | | 1,447,641 |
| NIAI | 31.48% | | (7,031) |
| NetSol Thai | 0.006% | | (336) |
| OTOZ® Thai | 0.00% | | - |
| Total | | $ | 7,973,895 |

| SUBSIDIARY | Non-Controlling Interest % | | Non-Controlling Interest at June 30, 2025 |
|---|---|---|---|
| NetSol PK | 30.24% | $ | 4,496,723 |
| NetSol Innovation | 30.24% | | (637,529) |
| NAMECET | 30.24% | | 567,819 |
| NIAI | 30.24% | | (1,471) |
| NetSol Thai | 0.006% | | (184) |
| OTOZ® Thai | 0.01% | | 7 |
| Total | | $ | 4,425,365 |

During the year ended June 30, 2026, employees of NetSol PK, a majority-owned subsidiary of the Company, exercised stock options to purchase an aggregate of 1,543,987 shares of the subsidiary's common stock for total proceeds of $425,661. Of this amount, $413,241 was received during the year ended June 30, 2026, and $12,420 was received during the fiscal year ended June 30, 2025. Due to this exercise, the non-controlling interest in NetSol PK, NetSol Innovation, NAMECET and NIAI increased from 30.24% at June 30, 2025 to 31.48% at June 30, 2026. The carrying amount of the non-controlling interest was increased by $647,514, and the difference of $221,853 was recognized as a decrease in additional paid-in capital in the Company's consolidated equity. During the year ended June 30, 2025, NetSol PK, a majority-owned subsidiary of the Company, repurchased 2,690,251 shares of its outstanding common stock from the open market for $1,503,662. The repurchase did not result in a change of control and was therefore accounted for as an equity transaction in accordance with ASC 810-10. Due to this purchase, the non-controlling interest in NetSol PK, NetSol Innovation and NAMECET, decreased from 32.38% at June 30, 2024 to 30.24% at June 30, 2025. The carrying amount of the non-controlling interest was reduced by $1,532,797, and the difference of $29,135 was recognized as an increase in additional paid-in capital in the Company's consolidated equity.

During the year ended June 30, 2026, the Company dissolved OTOZ® Thai. As a result, the effective non-controlling interest in Otoz® Thai decreased to 0.00%.

During the year ended June 30, 2025, the Company acquired the remaining 177,558 minority shares from the OTOZ® non-controlling shareholders for $8,878. As a result, the Company's ownership interest increased, reducing the non-controlling interest from 5.59% to 0.0%. The effective non-controlling interest in Otoz® Thai decreased to 0.01%. OTOZ® was merged into NTA during the year ended June 30, 2025.

The following schedule discloses the effect on the Company's equity due to the changes in the Company's ownership interest.

| | For the Years Ended June 30, | | | |
|---|---|---|---|---|
| | | 2026 | | 2025 |
| **Net income attributable to NetSol** | $ | 2,950,353 | $ | 2,923,233 |
| **Transfer to (from) non-controlling interest** | | | | |
| Decrease in paid-in capital for purchase of 177,558 shares of OTOZ Inc common stock | | - | | (112,010) |
| Increase in paid-in capital for purchase of 2,690,251 shares of common stock of NetSol PK from Open Market | | - | | 29,135 |
| Decrease in paid-in capital for option exercise of 1,543,987 shares of common stock of NetSol PK by employees | | (221,853) | | - |
| Net transfer (to) from non-controlling interest | | (221,853) | | (82,875) |
| **Change from net income attributable to NetSol and transfer (to) from non-controlling interest** | $ | 2,728,500 | $ | 2,840,358 |

**Exhibit 3.1**

**AMENDED AND RESTATED ARTICLES OF INCORPORATION**
**OF**

The President and Secretary of NetSol Technologies, Inc. certify:

The Articles of Incorporation of NetSol Technologies are hereby amended and restated as follows:

ONE: The name of the Corporation is NetSol Technologies, Inc.

TWO: The resident agent and registered office in the state of Nevada is ParaCorp Incorporated 318 North Carson Street, Suite 208 Carson City, NV 89701. The Corporation may from time to time change the registered agent for service of process as provided in the Bylaws of the Corporation.

THREE is hereby amended to read:

THREE The total number of shares of which the corporation is authorized to issue is 18,500,000 of which 18,000,000 shares shall be shares of Common stock, $.01 par value ("Common Stock") and 500,000 shares shall be shares of Preferred Stock, $.01 par value ("Preferred Stock".). The board of directors of the Corporation (the "Board of Directors") is expressly authorized to provide for issuance of all or any shares of the Preferred Stock in one or more series, and to fix for each such series such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such series and as may be permitted by the Nevada Revised Statutes (as amended from time to time, the "NRS"), including, without limitation, the authority to provide that any such class or series may be (i) subject to redemption at any time or times and at such price or prices: (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; (vi) entitled to vote separately or together with any other series or class of stock of the Corporation; or (v) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

FOURTH The governing body of this Corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by Bylaws of the Corporation.

FIFTH Intentionally Omitted
SIXTH Intentionally Omitted

SEVENTH No director of office of the corporation shall be personally liable to the corporation or any of its stockholders for damages for breach of fiduciary duty as a director or officer involving any act or omission of any such director or officer to the amounts acceptable by law; provided, however, that the foregoing provision shall not limit or eliminate the liability of a director or officer (i) for acts or omissions which involve intentional misconduct, fraud or a knowing violation of law, or (ii) the payment of dividends in violation of Section 78.300 of the Nevada Revised Statutes ("NRS"). Any repeal or modification of this Article by the stockholders of the corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director or officer of the corporation for acts or omissions prior to such repeal or modification.

EIGHTH Meetings of stockholders may be held within or without the State of Nevada, as the Bylaws may provide. Special meetings of stockholders, for any purpose or purposes may only be called by the Board of Directors. Only the business stated in the notice of special meeting of stockholders of the Corporation may be transacted at any special meeting of stockholders of the Corporation. The books of the Corporation may be kept (subject to any provision contained in the NRS) outside the State of Nevada at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws. Any action required or permitted to be taken by the stockholders of the Corporation may only be affected at a duly called annual or special meeting of the stockholders of the Corporation (and not by consent in lieu thereof).

NINTH The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal or legal representatives; provided, however, that, except of proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. In addition to any other rights of indemnification permitted by the law of the State of Nevada as may be provided for by the Corporation in its Bylaws or by agreement, the expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding, involving alleged acts or omissions of such officer or director in his or her capacity as an officer or director of the Corporation, must be paid by the Corporation or through insurance purchased and maintained by the corporation or through other financial arrangements made by the Corporation, as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Corporation.

The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article 9 to directors and officers of the Corporation.

The rights of indemnification and to the advance of expenses conferred in this Article 9 shall not be exclusive of any other right which any person may have or hereafter acquire under the Articles of Incorporation, the Bylaws, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

Any repeal or modification of this Article 9 by the stockholders of the Corporation shall not adversely affect any rights to indemnification and to the advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

TENTH: The Corporation may conduct any lawful business authorized by the Nevada Revised Statutes, including, but not limited to: software development, sales and services; consulting services and telecommunication.

The foregoing amendment and restatement was duly adopted in accordance with the provisions of Sections 78.390 and 78.209 of the Nevada Revised Statutes. The total number of shares voting at our annual meeting of shareholders held on June 24, 2025, was 7,194,620 of which shares voted in favor of the Amendment exceeding the vote required by more than twenty-four percent.

IN WITNESS WHEREOF, NetSol Technologies, Inc. has caused this Certificate to be executed by its duly authorized officer on this 26th day of June 2025.

Signature:/s/ Najeeb Ghauri
Name: Najeeb Ghauri
Title: Chief Executive Officer

Signature:/s/ Patti L. W. McGlasson
Name: Patti L. W. McGlasson
Title: Secretary

**Exhibit 21.1**

Wholly Owned Subsidiaries

NetSol Technologies Americas, Inc. (“NTA”)
NetSol Connect (Private), Ltd. (“Connect”)
NetSol Technologies Australia Pty Ltd. (“Australia”)
NetSol Technologies Europe Limited (“NTE”)
NetSol Technologies (Beijing) Co. Ltd. (“NetSol Beijing”)
Tianjin NuoJinZhiCheng Co., Ltd (“Tianjin”)
Ascent Europe Ltd. (“AEL”)
Virtual Lease Services Holdings Limited (“VLSH”)
Virtual Lease Services Limited (“VLS”)
Virtual Lease Services (Ireland) Limited (“VLSIL”)

Majority Owned Subsidiaries

NetSol Technologies, Ltd. (“NetSol PK”)
NetSol Innovation (Private) Limited (“NetSol Innovation”)
NetSol Institute of Artificial Intelligence (Private) Limited (“NIAI”)
NETSOL Ascent Middle East Computer Equipment Trading LLC (“Namecet”)
NetSol Technologies Thailand Limited (“NetSol Thai”)
OTOZ (Thailand) Limited (“OTOZ® Thai”)

**Exhibit 31.1**

Certification Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Najeeb Ghauri, certify that:

(1) I have reviewed this annual report on Form 10-K for the year ended June 30, 2026 of NetSol Technologies, Inc., ("Registrant").

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

(3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedure, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 28, 2026

*/s/ Najeeb Ghauri*
Najeeb Ghauri,
Chief Executive Officer
Principal executive officer

**Exhibit 31.2**

Certification Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Sardar Muhammad Abubakr, certify that:

(1) I have reviewed this annual report on Form 10-K for the fiscal year ended June 30, 2026 of NetSol Technologies, Inc., ("Registrant").

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

(3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedure, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 28, 2026

*/s/ Sardar Muhammad Abubakr*
Sardar Muhammad Abubakr
Chief Financial Officer
Principal Accounting Officer

**Exhibit 32.1**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of NetSol Technologies, Inc. on Form 10-K for the period ending June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Najeeb Ghauri, Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and,

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: September 28, 2026

*/s/ Najeeb Ghauri*
Najeeb Ghauri,
Chief Executive Officer
Principal Executive Officer

**Exhibit 32.2**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of NetSol Technologies, Inc. on Form 10-K for the period ending June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Sardar Muhammad Abubakr, Chief Financial Officer, and Principal Accounting Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and,

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: September 28, 2026

*/s/ Sardar Muhammad Abubakr*
Sardar Muhammad Abubakr
Chief Financial Officer
Principal Accounting Officer