

**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, 2024

or

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

Commission File Number 0-22773



NETSOL TECHNOLOGIES, INC.

(Exact Name of Registrant specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

95-4627685
(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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
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 \$21,489,666 based upon the closing price of the stock as reported on NASDAQ Capital Market (\$2.20 per share) on December 31, 2023, the last business day of the registrant's second quarter. As of September 20, 2024, there were 12,369,922 shares issued and 11,430,891 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**

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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 risk 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

NETSOL is a global leader in delivering state-of-the-art solutions for the asset finance and leasing industry, serving automotive and equipment OEMs and financial institutions across over 30 countries. Since its inception in 1996, NETSOL has been at the cutting edge of technology, pioneering innovations with its asset finance solutions and leveraging advanced AI and cloud services to meet the complex needs of the global market. Renowned for its deep industry expertise, customer-centric approach and commitment to excellence, NETSOL fosters strong partnerships with its clients, ensuring their success in an ever-evolving landscape. With a rich history of innovation, ethical business practices and a focus on sustainability, NETSOL is dedicated to empowering businesses worldwide, securing its position as the trusted partner for leading firms around the globe.

NETSOL's primary sources of revenues have been licensing, subscriptions, modification, enhancement and support of its suite of financial applications to leading businesses in the global finance and leasing space.

NETSOL's clients include blue chip organizations, Dow-Jones 30 Industrials, Fortune 500 companies, financial institutions, global vehicle manufacturers through their captive finance companies ("auto captives"), unrelated automotive finance companies ("non captives"), equipment finance and leasing companies and banks - All of which are serviced by NETSOL's strategically placed support and delivery locations around the globe.

Founded in 1997, NETSOL is headquartered in Encino, California. NETSOL follows a global strategy for sales and delivery of its portfolio of solutions and services through its offices in the following locations:

- | | |
|-----------------|---|
| ■ North America | Encino, California and Austin, Texas |
| ■ Europe | London and Horsham |
| ■ Asia Pacific | Sydney, Bangkok, Beijing, Tianjin, Jakarta, Lahore, Islamabad and Karachi |
| ■ Middle East | Dubai |

OUR BUSINESS

Company Business Model

NETSOL specializes in providing scalable and customizable technology solutions primarily to the global asset finance and leasing industry. Our value proposition lies in delivering innovative technologies that enhance operational efficiency and productivity. The Company also provides a range of services that are not limited to the financial services industry. We reach our customers through a combination of direct sales efforts, strategic partnerships with associations as well as via a robust online presence.

The Company generates its core revenue from the following primary 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 finance and leasing industry. The Company offers its solutions 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 or solution(s).

Expertise

Our expertise in enterprise technology and financial application development has helped us emerge as a global player in the finance and leasing industry and enabled us to secure a broad footprint across the major markets of North America, Asia Pacific and Europe. The Asia Pacific region has particularly benefitted from the organic growth in the fast-developing leasing automation industry, which is still nascent as per Western standards.

Domain Experience

With our rich history of innovation, NETSOL is a dynamic leader and has been able to accumulate a wealth of experience in the global asset finance and leasing industry. We have built a large knowledge base which is regularly refined and updated to ensure the most up-to-date best practices and business solutions for the benefit of our clients and partners. We have a strong presence in the captive asset-finance domain. We have had continual operations for over two decades in Asia Pacific and Europe and over four decades in North America.

Proximity with Global and Regional Customers

We have offices across the world, located strategically to maintain close contact and proximity with our customers in various key markets. This has not only helped us strengthen our customer relationships, but also build a deeper understanding of local market dynamics. Simultaneously, we are able to extend services and support development through a combination of onsite and offsite resources. This approach has allowed us to offer blended rates to our customers by employing a unique and cost-effective global development model.

While our business model is built around the development, implementation and maintenance of our suite of financial applications, we employ the same facilities and competencies to extend our services to related segments, including but not limited to:

- IT Consulting and Services
- Solutions Development and Implementation
- Business Intelligence
- Cloud Solutions
- Outsourcing Services and Software Process Improvement Consulting
- Maintenance and Support of Existing Systems
- Project Management
- Information Security
- AI/ML
- Data Engineering

Our global operations are broken down into three primary regions: North America, Europe and Asia Pacific. All of the subsidiaries are seamlessly integrated to function effectively with global delivery capabilities, cross selling to multinational asset finance companies, leveraging the centralized marketing and pre-sales organization, and a network of employees connected across the globe to support local and global customers and partners.

OUR PRODUCTS AND SERVICES

PRODUCTS:

Covering the complete finance and leasing lifecycle starting from quotation origination through contract settlements, our products are designed and developed for highly flexible settings and are capable of dealing with multinational, multi-company, multi-asset, multi-lingual, multi-distributor and multi-manufacturer environments. Our solutions empower financial institutions to effectively manage their complex lending portfolios, enabling them to thrive in hyper-competitive global markets.

Built on cutting-edge, modern technology, our products enable auto, equipment and big-ticket finance companies, alongside banks and other financial institutions, to run their retail and wholesale finance business with ease.

Alongside our solutions for end-to-end asset finance and leasing, we also offer a digital retail and mobility platform as well as out-of-the-box, API-first products designed specifically for the global financial services industry.

ORIGINATIONS

Ascent[®] Omni Point of Sale (Omni POS)

A highly agile, easy-to-use, web-based application - also accessible through mobile devices - Ascent's Omni POS system delivers an intuitive user experience, with features that enable rapid data capture. Information captured at the point of sale can be made available to anyone in an organization at any point in the lifecycle of each transaction.

Self Point of Sale (Self POS)

Our Self POS portal allows customers to go through the complete buying and financing process online and on their mobile devices including car configuration, generating quotations, and filling out applications. It is the ultimate origination application that enables users to compare, select and configure an asset using a mobile device anywhere, at any time and submit an accompanying financial product application.

Mobile Point of Sale (mPOS)

The mPOS application is a web and mobile-enabled platform featuring a customizable dashboard along with menu selling, application submission, loan calculator, work queues and detailed reporting. mPOS empowers the dealer to make the origination process quick and seamless, increasing overall productivity and system-wide efficiency.

SERVICING

Ascent[®] Contract Management System (CMS)

Ascent's Contract Management System (CMS) is a powerful, highly agile, functionally rich application for managing and maintaining detailed credit contracts throughout their lifecycle – from pre-activation and activation through customer management, asset financial management, billing and collections, finance and accounting, restructuring and maturity.

Mobile Account (mAccount)

mAccount is a powerful, self-service mobile solution. It empowers the dealer with a powerful backend system and allows the customer to setup a secure account and view information 24/7 to keep track of contract status, resolve queries and make payments, reducing inbound calls for customer queries and improving turnaround time for repayments.

Mobile Collector (mCollector)

mCollector empowers collections teams to do more, with an easy-to-use interface and intelligent architecture. The tool exponentially increases the productivity of field teams by enabling them to carry out all collection related tasks on the go.

Mobile Field Investigator (mFI)

By using Mobile Field Investigator, the applicant has access to powerful features that permit detailed applicant field verifications on the go. The application features a reporting dashboard that displays progress stats, action items and the latest notifications, enabling the client to achieve daily goals while tracking performance.

WHOLESALE FINANCE

Ascent[®] Wholesale Finance System (WFS)

The Ascent Wholesale Finance System (WFS) provides a powerful, seamless and efficient system for automating and managing the entire lifecycle of wholesale finance. With floor planning, dealer and inventory financing, it is ideal for a culture of collaboration. Dealers, distributors, partners and anyone in the supply chain are empowered to realize the benefits of financing – and leverage the advantages of real-time business intelligence. The system also supports asset and non-asset-based financing.

Mobile Dealer (mDealer)

mDealer provides more visibility and control over inventories – with minimal effort. Dealers can view their use of floor plan facility, stock status and financial conditions, while entering settlement requests or relocating assets.

Mobile Auditor (mAuditor)

mAuditor schedules visits, records audit exceptions and tracks assets for higher levels of transparency. It also enables the auditor to conduct audits and submit results in real-time through quick audit processing tools, providing visibility and saving significant time.

DIGITAL RETAIL AND MOBILITY

Otoz[™] Platform

Otoz[™] provides white-label and turn-key SaaS solutions to OEMs, finance companies, dealers, and start-ups. The platform enables digital retail, as well as short and long-term on-demand mobility models (subscriptions, rental and car-sharing).

Otoz[™] Ecosystem

Otoz[™] is built on state-of-the-art technology, offering open Application Programming Interfaces (APIs) and ecosystem partner integrations that are crucial to digital retail and mobility operations including finance and insurance providers, trade-in tools, KYC and fraud detection tools, CRM systems, website providers (Tier 1 – Tier 3), marketing toolkits, inventory feeds, pricing engines, tax engine, payment processors, an insurance marketplace and delivery logistics providers.

In addition, Otoz[™] is equipped with intelligent lead generation and product analytics capabilities, empowering dealerships with the tools to track customer journeys, personalize customer engagements, and convert qualified leads.

Otoz[™] Digital Retail

Our platform helps OEMs and dealers move into the digital era, addressing a range of customer segments with evolving needs by offering them a seamless, omni-channel, end-to-end buying and usage experience. Digital retail is not a one-size-fits-all. Otoz[™] offers a flexible, configurable, and scalable platform along with a proven launch strategy framework for companies that intend to launch and grow digital retail businesses quickly and seamlessly. The platform's seamless handling of complex tax rules and contract management processes are compliant with local and state standards for jurisdictions it operates in across the U.S.

Otoz™ Mobility Orchestration

Otoz™ expands into a comprehensive in-life subscription and rental platform that empowers in-life and end-of-life management of such contracts. It enables both direct-to-consumer transactions with the option to add peer-to-peer marketplace functionalities for the future of electric vehicle pay-per-use and mobility orchestration.

The Otoz™ platform is built on Appex Now™'s API-first, headless, architecture allowing for modularity, flexibility, and scalability. Features are offered in modules or bundles depending on the use case.

API-FIRST FINANCE SOLUTIONS

Appex Now™

NETSOL's Appex Now™ marketplace of API-first products was built for the global credit, finance and leasing industry. These out-of-the-box solutions allow financial institutions to connect, configure and innovate without disrupting the existing architecture of their originations and servicing solution.

Appex Now™: Flex™

Flex is an API-first, ready-to-use calculation and quotation engine. It is a one-stop solution that guarantees precise calculations at all stages of the contract lifecycle through various calculation types. All the calculations are parameter-driven, which helps perform simple, multi-dimensional or complex calculations based on the needs of a business. Flex™ has a lightning-fast onboarding process, which can take place in mere minutes.

Appex Now™: Hubex™

Hubex™ is an API library that enables companies to standardize all their API integration procedures across multiple API services through a single integration. In addition to traditional lending companies, Hubex™ can also streamline the operations of dealerships, vendors and consultants. With a ready-to-use service, Hubex™ makes it easy for businesses to seamlessly connect with multiple APIs and achieve their desired outcomes. Pre-integrated services in the Hubex™ library include, but are not limited to, payment processing, bank account authentication, finance and insurance products, fraud check, know your customer (KYC) service, driver license verification, address validation, vehicle valuation and notification service.

Appex Now™: Index™

Index™ is a cloud-based parameter storage that smoothly runs all of a company's core lending operations. It is an accumulation of all the master setups, including asset catalog and inventory, programs, rates, and profiles for lenders, dealers and multiple partners, in one centralized location for all business types. Index can enhance delivery efficiency and program management for easy integration into all systems.

Appex Now™: Dock™

Dock™ is an advanced document generation tool that lets a company create accurate and professional-looking documents in just seconds. With Dock's template-based configuration, a company can set up placeholders for data, essentially simplifying the document creation process and reducing the chance of human error. Its API-first architecture ensures scalability, making it capable of handling any document generation task, from single documents to millions, with ease.

Appex Now™: Lane™

Lane™ offers a feature-rich, end-to-end order management system for asset leasing & loans and credit companies. Our platform covers all aspects, from conducting end-to-end sales to performing dealer and partner-related tasks and marketing-related activities. The system offers a variety of dashboards that provide vital information for dealers and partners while enabling quick order management and providing a way for users to record and submit a complete credit application for their clients.

Appex Now™: T-Rate™

Through a single, unified API for real-time VAT, GST, sales and use tax rates, and other taxes globally, our tax engine provides accurate tax calculations. T-Rate™'s tax engine maintains up-to-date tax rules and rates for each region while supporting the data and reporting required for tax compliance. It drastically reduces the risk of audit penalties and tax operation inefficiencies.

SERVICES:

Information Security

We weave a robust strategy where small and medium sized businesses and enterprises can fortify their defenses through comprehensive monitoring, analysis, and reporting.

Digital Solutions and Talent Partnership

As digital technology partners, we foster innovation and agility, equipping businesses across industries with unparalleled talent, unlocking their organization's potential and propelling their projects forward at an unmatched speed.

AI, ML and Data Analytics

NETSOL leverages the power of artificial intelligence (AI), machine learning (MI) and data analytics, transforming data into actionable insights, assisting organizations in making smarter decisions, predicting future trends, automating tedious tasks and customizing the user experience.

Generative AI

At NETSOL, we specialize in harnessing the transformative power of Generative AI to drive innovative solutions and powerful outcomes for businesses. Whether it's creating personalized customer experiences or optimizing complex processes, we deliver solutions that align with an organization's goals.

Policy and Strategy

By infusing AI into policies and strategies, we enable businesses to gain deeper insights, automate tedious tasks and make data-driven decisions, propelling their infrastructure forward. With our robust policy and strategy consulting services, we enable businesses to achieve long-term success.

Emerging Technologies

NETSOL develops modern applications that leverage emerging technologies like AI, blockchain, IoT, digital twin, and Web 3.0.

Cloud Services

We proudly partner with both AWS (Amazon Web Services) and Microsoft Azure to deliver cutting-edge cloud solutions tailored to the needs of our customers. We leverage our expertise and the power of Azure and AWS to provide a range of cloud solutions and services.

Data Engineering

NETSOL offers services for data engineering, extracting data from various platforms while leveraging intelligent cataloging through trust testing and deployment and accelerating data efforts with the AI and ML partnership.

IMPLEMENTATION PROCESS

The implementation process of our finance and leasing software can span up to fifteen months depending upon the methodology, complexity and scope. The implementation process may also include related software services such as configuration, data migration, training, gaps development and any other additional third-party interfaces. Even after implementation, customers constantly seek enhancements and additions to improve their business processes and have changing requirements addressed at mutually agreed rates.

Post implementation, our consultants may remain at the client site to assist the customer for smooth operations. After this phase, the regular maintenance and support services phase for the implemented software begins in exchange for agreed subscriptions or support fees. In addition to the daily rate paid by the customer for each consultant engaged, the customer also pays for all visa and transportation-related expenses, boarding of the consultants and a living allowance. Our involvement in all the above steps is suitably priced to bring value to our customers and increase our profitability.

Cloud-enabled solutions are offered via seamless and rapid deployments. The swift speed of implementations for our cloud-ready products enables businesses to be more responsive and attain a competitive advantage. For example, our API-first, SaaS products can be integrated into a customer's ecosystem within mere minutes.

PRICING AND REVENUE STREAMS

Our revenue streams are the outcome of the following four main areas:

- Product licensing
- Subscription-based pricing
- Implementation and customization-related services
- Post implementation, support-related services

License fees can range up to a multi-million-dollar fee for single or multiple module implementations. License revenue is realized with traditional, non-SaaS-based agreements, whereas SaaS-based agreements do not contain license fees and are offered via flexible, value-driven, subscription-based pricing. There are various attributes which determine the level of pricing complexity, a few of which are: number of contracts, size of the portfolio, IT budgets, business strategy of the customer, internal business processes followed by the customer, number of business users, amount of customization required, the complexity of data migration and branch network of the customer.

We recognize revenue from license contracts when the software has been delivered to the customer. Implementation-related services, including customization, configuration, data migration, training and third-party interfaces are recognized as the services are performed. Post-implementation support services are then provided on a continued basis. The annual support fee, typically an agreed upon percentage of overall monetary value of the license, then becomes an ongoing revenue stream realized yearly. Revenue from software services includes fixed price and time and materials-based contracts and is recognized as the services are performed.

Additionally, in order to avoid lumpiness in our revenues and to ensure a predictable revenue base over coming years, the business has shifted to a pricing strategy whereby the business is now offering its cloud-ready products at SaaS/subscription-based pricing models. Rapid deployments coupled with affordable prices/payment schedules is expected to lead the business towards volume-based selling. Moreover, this value-driven pricing plan is intended to decrease the initial buy-in cost for new customers by eliminating heavy license fees, reducing the sales cycles and providing an alternative to current customers seeking lower software usage and maintenance costs.

ALLIANCES

Daimler South East Asia Pte. Ltd. ("DSEA"), (through the regional office Daimler Financial Services ("DFS") Africa Asia Pacific), has established a "Centre of Competence" ("CoC") in Singapore to facilitate the regional companies in product related matters. The DSEA CoC is powered by highly qualified technical and business personnel. In conjunction with our Asia Pacific region, the CoC supports DFS companies in twelve different countries in Asia and Africa and this list can increase as more DFS companies from other countries opt for NFS Ascent®. In July 2004, the company entered into a Frame Agreement with DFS for the Asia Pacific and Africa region. This agreement was renewed in 2008, 2010, 2013 and most recently in January 2016. The agreement serves as a guideline for managing the business relationship with DFS and the use of licensed products of the company by DFS and its affiliated companies.

NETSOL utilizes Microsoft Azure™ to host our cloud versions of Ascent® and LeasePak Cloud - SaaS, benefiting from Azure's high performance and cost-effectiveness. A quick start implementation program combined with hassle-free Microsoft Azure™ cloud connectivity ensures new clients see a time-to-value faster than ever before.

TECHNICAL AFFILIATIONS

We are a Microsoft Certified Silver Partner and an Oracle Certified Partner. NETSOL is an AWS Advanced Tier Services Partner, a Business Accredited Partner, a Technical Accredited Partner, a Cloud Economics Accredited Partner, an AWS Lambda Delivery Partner, an AWS CloudFormation Delivery Partner, an AWS Amazon API Gateway Delivery Partner, an AWS Well-Architected Partner, an AWS Solution Provider Partner and an AWS Amazon EC2 for Windows Server Delivery Partner.

MARKETING AND SELLING

We remain optimistic about the growing opportunities ahead for our products and services throughout fiscal year 2024 and beyond. Our global marketing activities aim to establish and maintain a strong preference and loyalty for NETSOL and its offerings for the financial services industry and beyond. Marketing activities are conducted both at the corporate and business unit levels. The global marketing department oversees all communication, advertising, public relations and manages all digital platforms, including the Company's website, social media channels and partnerships within the industry.

As part of our lead-generation activities, our regional representatives represent NETSOL as the company sponsors, exhibits at and attends annual industry-leading conferences, seminars, summits and other events. The company maintains its presence at these events to demonstrate our product and service offerings and for important networking purposes. NETSOL also takes part in webinars, podcasts and holds private briefings with associations and individual companies.

At the end of the previous calendar year, NETSOL appointed Erik Wagner as its Chief Marketing Officer (CMO). This strategic move underscores NETSOL's commitment to bolstering its global marketing initiatives and driving further growth in its specialized sectors. Mr. Wagner brings a wealth of experience, with over 17 years in the marketing field at growth-oriented companies.

GROWTH PROSPECTS

We are eyeing key international markets for growth in sales for NETSOL's products and services. Our sales strategy not only focuses on expansion into new geographic markets, including the Americas, Europe, and further penetration of our leading position in Asia Pacific, but also within existing markets into new verticals with targeting of Tier 2 and Tier 3 prospects as well.

Growth in North America and Europe is expected to come from the potential market for replacement of legacy systems as well as acquisition of new customers. Our finance and leasing platform NFS Ascent[®] is aimed at providing a highly flexible and robust solution based on the latest technology and advanced architecture for North American and European customers looking to replace their legacy systems. We believe that NFS Ascent[®] can provide substantial competitive disruption to the market's lagging technology provided by incumbent vendors. The existing customer base may also represent latent demand for increased service and support revenues by offering business process optimization, customization and upgrade services. With a market-ready product with successful implementations, the prospects for NFS Ascent[®] in the region are positive.

Further traction in Europe will come from NFS Ascent[®] deployed on the cloud, which will continue to allow the European division to support not only larger organizations, but also small and medium sized organizations. Currently, in the United Kingdom, a number of banks and other financial institutions have opted for our API-first, SaaS-based products that are offered via subscription-based pricing and swift deployments. We foresee growth opportunities for our Appex Now products in other regions as well.

Growth in our traditionally strong base in Asia Pacific is expected through diversification across market segments to include new customers in related banking and commercial lending areas. At the same time, the existing customer base is tapped for increased service and support revenues by offering enhanced features and new solutions to emerging customer needs. In addition, there is a potential for NFS Ascent[®] in Asia Pacific in the form of existing customers who are looking for replacement of their current system. In China, we are a leader in the auto finance enterprise solution domain. We will continue strengthening our position within existing multinational auto manufacturers, as well as local Chinese captive finance and leasing companies. It is pertinent to mention that these Chinese automakers are growing rapidly outside of the country, and that our solutions assist them in this growth. Our sales strategy focuses on supporting Chinese manufacturers in expanding their presence in the EU and other regions of APAC.

We believe our digital retail platform presents significant growth opportunities in the evolving digital marketplace. While the company's digital retail platform, Otoz, is currently used by major customers in the United States, it will continue to grow in other markets as well.

Beyond our products, we also foresee demand for our professional and cloud services that empower our clients to excel in the competitive global economy.

THE MARKETS

We deliver our comprehensive suite of technology solutions and services across all major markets worldwide, positioning ourselves as a leading provider in the financial services, and particularly, the global asset finance and leasing sector. Leveraging our extensive global footprint, we offer scalable and innovative solutions tailored to meet the unique needs of clients in diverse geographic regions. Our strategic presence in key markets enables us to effectively address local regulations and market dynamics, thereby enhancing customer satisfaction and fostering long-term partnerships.

The Asian continent, including Australia and New Zealand, from the perspective of marketing, are targeted by the Asia Pacific region from our Bangkok, Beijing, Tianjin, Jakarta, Sydney and Lahore facilities. The marketing for our core offerings in the Americas and Europe is carried out from our Austin, Texas, Encino, California and our London Metropolitan Area and Horsham offices, respectively.

PEOPLE AND CULTURE

We believe that our growth and success are attributable in large part to the high caliber of our global team and our commitment to maintain the values on which our success has been based. We support gender diversity on a global basis. We are an equal opportunity employer with a large workforce, promoting a culture of diversity and inclusion.

NETSOL stands as a beacon of innovation, excellence and dedication to customer success. We value transparency and integrity, ensuring that honesty guides our interactions. We are renowned for innovation, expertise and a customer-centric approach.

We believe we should give back to the community and employees as much as possible. Certain subsidiaries are located in regions where basic services are not readily available. Where possible, we act to not only improve the quality of life of our employees, but also the standard of living in these regions. Examples of such programs are as follows:

- **Literacy Program:** Launched to educate children of our unskilled staff, the main objective of this program is to enable them to acquire basic reading, writing and arithmetic skills.

- **Higher Education and Science and Research Institutions:** In order to support higher education in Pakistan, we have contributed endowments to NUST, Forman Christian College, and a few other universities who are focused on science and engineering.

- **Noble Cause Fund:** A noble cause fund has been established to meet medical and education expenses of the children of our lower paid employees. Our employees voluntarily contribute a fixed amount every month to the fund and NETSOL matches the employee subscriptions with an equivalent contribution amount. A portion of this fund is also utilized to support social needs of certain institutions and individuals, outside of NETSOL.

- **Day Care Facility:** Our human resources are our key assets and thus we take numerous steps to ensure the provision of basic comforts to our employees. In Pakistan, the provision of outside pre-school childcare is a rarity. With this in mind, a children's day care facility has been created near NETSOL's office in Lahore, Pakistan providing employees with peace of mind knowing their children are nearby and being taken care of by qualified staff in a child-friendly facility. The day care facility was temporarily closed due to COVID-19, but is now in the process of reopening.

- **Preventative Health Care Program:** In addition to the comprehensive out-patient and in-patient medical benefits, preventative health care has also been introduced. This phased program focuses on vaccination of our employees against such diseases as Hepatitis – A/B, Tetanus, Typhoid, Flu and COVID-19 on a routine basis.

There is significant competition for employees with the skills required to perform the services we offer. We run an elaborate training program for different cadres of employees to cover technical skills and business domain knowledge, and communication, management and leadership skills. We believe we have been successful in our efforts to attract and retain the highest level of talent available, partly because of the emphasis on core values, training and professional growth. We intend to continue to recruit, hire and promote employees who share our vision.

COMPETITION

A substantial number of companies offer products and services that overlap and are competitive with those offered by NETSOL. Some of NETSOL's main competitors for its finance and leasing software include Alfa, Constellation Financial Software, FIS Global, Leasepath, LTI Technology Solutions, Odessa, Solifi, Soft4 and Sopra Banking Software. The company's competitors for digital retail include Tekion and CDK Global.

CUSTOMERS

NETSOL's solutions and services cater to a broad spectrum of finance and leasing businesses, from automotive captive finance companies to equipment finance and leasing companies to large regional banks.

NETSOL's customers include world renowned auto manufacturers through their finance arms. NETSOL is a strategic business partner for Daimler and BMW (which consists of a group of many companies in different countries), which accounts for approximately 25.5% and 7.1%, respectively, of our revenue for our fiscal year ended June 30, 2024. Other globally renowned auto captives that are customers of the Company include Toyota, Nissan, Ford, and FIAT.

Other customers include equipment finance and leasing companies and banks worldwide. Some of these clients include AutoNation, Bank of Hawaii, MINI Financial Services, BMO Harris, First Hawaiian Leasing, Genpact, SCI Leasecorp, Aldermore, Allica Bank, Investec, Close Brothers, Haydock Finance, Charles and Dean, Maple Commercial Finance, among many others.

GLOBAL OPERATIONS AND GEOGRAPHIC DATA

NETSOL divides its operations into three primary regions: the Americas, Europe and Asia Pacific. The regions consist of individual subsidiaries which operate as autonomous companies and are strategically managed on a regional basis.

The Americas

Mr. Peter Minshall, Executive Vice President at NetSol Technologies Americas, Inc. (NTA) is responsible for NTA's business operations. He brings three decades of international experience in the financial services industry holding various senior leadership roles with Daimler Financial Services.

The North American region accounted for approximately 9.7% of our revenue in 2024.

Europe

Headed by Darryll Lewis who has served as Managing Director of NetSol Technologies Europe Ltd., (NTE) since May 2023. With over twenty years in the receivables and asset finance software industry, Mr. Lewis is a highly experienced and accomplished leader with a track record of driving business growth and creating innovative solutions for clients.

The European region accounted for approximately 19.5% of our revenue in 2024.

Asia Pacific Region

NetSol Technologies Ltd. (NETSOL PK), a majority owned subsidiary of the parent company, is located in Lahore, Pakistan and is headed by Mr. Salim Ghauri as its CEO. Mr. Ghauri is a Co-founder of NETSOL PK and has been with the Company since 1996. NETSOL PK is seen as the 'Center of Excellence' and a state-of-the-art facility for programming, R&D, global implementations and 24-hour support to our customers worldwide.

NetSol Technologies (Beijing) Co. Ltd. ("NETSOL Beijing") is headed by Amanda Li as President. Ms. Li previously worked as a Managing Director for Sopra Banking Software where she was instrumental in developing business and driving sales.

Farooq Ghauri serves as Head of Sales for all Asian Markets (excluding China). He has played a vital role in NETSOL's global success through his hands-on leadership and unrelenting drive to meet the needs of NETSOL's growing client base since 2004.

The Global Sales Division is headed by Mr. Asad Ghauri as President of Sales from the NETSOL PK office. Mr. Ghauri has been with NETSOL since 2000 and has over 23 years of experience in business and IT.

Our APAC region accounted for approximately 70.8% of our revenue in 2024. Information regarding financial data by geographic areas is set forth in Item 7 and Item 8 of this Annual Report on form 10-K. See note 20 of Notes to Consolidated Financial Statements under Item 8.

INTELLECTUAL PROPERTY

NETSOL relies upon a combination of non-disclosure and other contractual arrangements, as well as common law trade secret, copyright and trademark laws to protect its proprietary rights. NETSOL enters into confidentiality agreements with its employees, generally requires its consultants and clients to enter into these agreements, and limits access to and distribution of its proprietary information. The NETSOL "N" logo and name, as well as the NFS logo and product name have been copyrighted and trademark registered in Pakistan. The NETSOL "N" logo has been registered with the U.S. Patent and Trademark Office. NFS Ascent[®] has been registered with the U.S. Patent and Trademark Office. We filed an application for the OTOZ name with the U.S. Patent and Trademark Office. The Company intends to trademark and copyright its intellectual property as necessary and in the appropriate jurisdictions.

GOVERNMENTAL APPROVAL AND REGULATION

Current Company operations do not require specific governmental approvals. Like all companies, including those with multinational subsidiaries, we are subject to the laws of the countries in which we maintain subsidiaries and conduct operations. While foreign based companies may invest in Pakistan, repatriation of their investment, in the form of dividends or other methods, requires approval of the State Bank of Pakistan.

AVAILABLE INFORMATION

Our website is located at www.netsoltech.com, and our investor relations website is located at <https://ir.netsoltech.com>. The following filings are available through our investor relations website after we file with the SEC: Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and our Proxy Statements for our annual meetings of stockholders. These filings are also available for download free of charge on our investor relations website. We also provide a link to the section of the SEC's website at www.sec.gov that has all of our public filings, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, all amendments to those reports, our Proxy Statements and other ownership related filings. Further, a copy of this Annual Report on Form 10-K is located at the SEC's Public Reference Room at 100 F Street, NE, Washington D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, and blogs as part of our investor relations website. Investors and others can receive notifications of new information posted on our investor relations website by signing up for e-mail alerts. Further corporate governance information, including our committee charters and code of conduct, is also available on our investor relations website at <https://ir.netsoltech.com/governance-docs>. The content of our websites is not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

ITEM 1A - RISK FACTORS

Pakistan

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

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. We anticipate that the political and governmental environment will stabilize following the recent elections.

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.

Failure by the U.S. Federal Reserve Board to further reduce interest rates may restrict buying power for consumers and companies which may negatively affect our customers profits and ability to acquire new or additional services.

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 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, 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. 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 with 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 the effectiveness of our internal controls relating to cybersecurity. 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 his team are responsible for leading enterprise-wide cybersecurity strategy, policy, standards, architecture and processes. Our current SMIS received his Bachelors in Computer Sciences and has over 20 years of cybersecurity experience, including relevant prior senior leadership experience at our companies. 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 strengths of 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 lesser 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 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 resources. In addition, we maintain leased office spaces in the UK, China, Australia, Thailand 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 2024		High	Low
First Quarter	\$	2.50	\$ 1.72
Second Quarter	\$	2.35	\$ 1.75
Third Quarter	\$	3.05	\$ 1.99
Fourth Quarter	\$	3.01	\$ 2.28

Fiscal Year 2023		High	Low
First Quarter	\$	3.80	\$ 2.75
Second Quarter	\$	3.23	\$ 2.82
Third Quarter	\$	3.25	\$ 2.53
Fourth Quarter	\$	3.30	\$ 2.11

RECORD HOLDERS - As of September 20, 2024, the number of holders of record of the Company's common stock was 123.

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, 2024:

	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	None	None	38,652(1)
Equity Compensation Plans not approved by Security holders	None	None	None
Total	None	None	38,652

(1) Represents 141 available for issuance under the 2005 Incentive and Nonstatutory Stock Option Plan, 2,524 under the 2013 Incentive and Nonstatutory Stock Option Plan and 35,987 under the 2015 Incentive and Nonstatutory Stock Option 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, 2024. 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.

A few of our highlights for the fiscal year ended June 30, 2024 were:

- We secured a five-year contract valued at \$16 million with a tier one US based leading German automaker. This agreement focuses on the implementation of NETSOL's Otoz™ digital retail platform across the automaker's US dealerships. The implementation aims to enhance car sales processes and support customer growth within the automotive sector. This partnership is anticipated to significantly improve the digital retail experience for both dealerships and customers, reflecting NETSOL's commitment to innovation and excellence in the automotive industry.
- We completed the rollout of our flagship NFS Ascent® platform across twelve countries for the leasing and asset finance companies for DFS as part of a contract valued at over \$110 million. This milestone marks the successful delivery under a 10-year contract with the customer, which was initially signed in 2015.
- We generated \$600,000 in revenues by selling a license of our digital applications to one of our existing customers in Indonesia for the additional five-year term.
- We achieved the Go Live milestone for a leading US based global professional services provider focused on delivering various digital and business services.
- We generated nearly \$6 million in revenues by successfully implementing modifications and enhancements requests from multiple customers across various regions.
- We successfully took AutoNation, one of the largest auto retailers in the US, live on our Otoz™ platform to power the back-end of their newly launched "AutoNation Mobility Micro-lease marketplace".
- Our focus on new growth verticals has led to multiple successful onboardings of our FLEX™ product, reinforcing confidence in its SaaS offerings. FLEX™ serves as an instant, cloud-based calculation engine designed for seamless integration into clients' products, services, and ecosystems.
- We are focusing on new growth verticals and have successfully onboarded a new client for DOCK™, a centralized document generation tool designed for rapid and efficient document creation. This achievement underscores the confidence in our SaaS product offerings and highlights the potential for enhanced operational efficiency for clients. By leveraging DOCK™, we aim to streamline document processes, further solidifying our position in the market.
- We successfully renegotiated an existing contract in the UK to accommodate an enhanced scope implementation which will generate approximately \$3.5 Million in additional revenues.
- We secured a contract to implement our NFS Ascent® wholesale platform at an independent leasing company based in the Netherlands. This contract is expected to generate approximately \$1 Million in revenues over forthcoming quarters.
- We contracted with an auto captive finance company of a renowned US auto manufacturer based in China which is expected to generate approximately \$12 million over the next five years.
- We renegotiated to extend the NFS Ascent® license term for an existing client in Thailand for another three years. The extension generated approximately \$1.1 million in revenues.
- We reduced headcount by approximately 345 employees in our effort to become a leaner and efficient organization.

Marketing and Business Development Activities

We have pursued a series of strategic marketing and business development initiatives to capitalize on favorable market conditions and drive 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.

1. **Increased Investment in Marketing:** Given the current favorable market environment, we have increased our marketing investments to support the Company's long-term growth goals. While expanding these efforts, we remain vigilant in monitoring profitability and ensuring that our marketing expenditures yield strong returns.
2. **Focus on New Product and Service Offerings:** We are growing our focus on our new product and service lines that present significant growth opportunities for the business.
3. **Targeting New Market Segments:** Our new product offerings allow us to sell to small and mid-sized organizations more effectively. This market segment benefits from shorter sales cycles and faster implementations. This strategy expands our total addressable market and increasing sales velocity.
4. **Repositioning Our Brand and Messaging:** As part of our strategic initiatives, we are refining and simplifying our brand and product messaging to better align with the core needs of our customers.
5. **More Focus on Digital Marketing:** We have made significant investments in digital marketing channels and recently launched a new website to bolster our digital presence. These efforts are aimed at boosting our online presence and more effectively engaging with our target audience.
6. **Innovation and AI Integration:** We continue to prioritize innovation, particularly in the development of new product features powered by AI. This includes expanding our in-house AI talent to deliver cutting-edge solutions for our customers while leveraging AI across our operations to manage costs and support business growth.
7. **Expansion Through Strategic Partnerships:** To further fuel our growth prospects, we are actively building partnerships and alliances with industry associations and companies in related fields. These collaborations broaden our reach and reinforce our market position.
8. **Strengthening Leadership and Talent Acquisition:** We remain committed to appointing and retaining top talent across both technical and non-technical roles.
9. **Building Consulting and Professional Service Expertise:** We continue to expand our consulting and professional service offerings, particularly in cloud platforms such as AWS, Microsoft Azure, and others. This allows us to provide comprehensive solutions tailored to the diverse needs of our clients across all the industries we support.

MATERIAL TRENDS AFFECTING NETSOL

Management has identified the following material trends affecting NETSOL.

Positive trends:

- According to PR Newswire, December 14, 2023, and the S&P Global Mobility, new vehicles sales globally are expected to reach 86 million units in 2023 for an 8.9% increase over 2022 and forecasts 2024 auto sales at 88.3 million units for a 2.8% increase over 2023.
- U.S. automotive sales volumes are expected to reach approximately 15.5 million units, an estimated increase of 9% from the projected 2022 levels, and 2024 sales are expected to reach 15.9 million for an estimated increase of 2% compared to 2023. (S&P Global Mobility)
- The U.S. inflation rate decreased and ended at 2.9% as of August 2024. (YCharts August 30, 2024)
- The U.S. market remains strong and resilient for NETSOL to continue investing in building local teams for its core offerings.
- In China, domestic electric vehicles sales are up 73% compared to August 2023. (Clean Technica-September 1, 2024)
- The China Pakistan Economic Corridor (CPEC) investment, initiated by China, has exceeded \$65 billion from the originally planned \$46 billion, in Pakistan energy and infrastructure sectors. Last June, China authorized a new \$2.3 billion loan at a discounted rate to Pakistan as a short-term loan.

- The overall size of the mobility market in Europe and the United States is projected to increase over \$425 billion combined, by 2035 or a compound CAGR of 5% from 2022. (Deloitte Global Automotive Mobility Market Simulation Tool)
- The global automotive finance market accounted for \$245 billion in 2022 and is expected to more than double by 2035 at a CAGR of 7.4% according to Precedence Research.
- The U.S. economy grew at an annual rate of 3% for the second quarter of 2024. This report reflects the U.S. economy to be resilient despite other pressures including inflation and higher interest rates. (Associated Press August 29, 2024)
- The Russell index has returned an average of 14.4% during 2024.

Negative trends:

- The conflict in Gaza has disrupted the entire Middle East region since October 7, 2023. This has created uncertainty and has affected the economies of the neighboring nations.
- General economic conditions in our geographic markets; inflation, pending U.S. elections, 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.
- High interest rates set by the U.S. Federal Reserve Board is restricting buying power for some consumers.
- Political, monetary, and economic challenges and a higher inflation rate than other regional countries impacting Pakistan exports.
- Inflation and higher interest rates globally have greatly increased the cost of doing business, including salaries and benefits worldwide, affecting profitability.
- War and hostility between Russia and Ukraine continue to foster global economic uncertainty.
- The geo-political environment in South Asia will continue to influence Pakistan's economic prospects. Pakistan's political uncertainty has caused higher inflation with constant pressure on its currency being devalued against the US Dollar. According to a report issued by the World Bank, while marginal economic growth is expected in Pakistan, implementing an ambitious and credibly communicated economic reform plan is critical for a robust economic recovery. There is no guarantee that such reforms will be implemented. See Press Release, dated April 2, 2024, World Bank.
- While the US-China bilateral summit in January 2024 exceeded expectations, the tensions between the two countries continue. . The US and EU have placed tariffs on a range of high-tech products from China including the US placing 100% tariffs on EV vehicles and 25% tariffs on EV batteries imported from China. (Center for Strategic and International Studies June 28, 2024).

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, intangible assets, software development costs, 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 subscription 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 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.

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. In fixed fee arrangements, revenue is recognized as services are performed as measured by costs incurred to date, compared to total estimated costs to complete the services project. 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 overtime on a monthly basis.

Significant Judgments

More judgments and estimates are required under Topic 606 than were required under Topic 605. Due to the complexity of certain contracts, the actual revenue recognition treatment required under Topic 606 for the Company’s arrangements may be dependent 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 stand-alone 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 inputs involved in the Company's revenue recognition policies are: The (1) stand-alone selling prices of the Company's software license, and (2) the method of recognizing revenue for installation/customization, and other services.

The stand-alone selling price of the licenses was measured primarily through an analysis of pricing that management evaluated 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 stand-alone 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 separate 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 "man-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 man-days required to complete implementation and customization services each reporting period.

Revenue is recognized over time for the Company's subscription, post contract support and fixed fee professional services that are separate performance obligations. For the Company's professional services, revenue is recognized over time, generally using costs incurred or hours expended to measure progress. Judgment is required in estimating project status and the costs necessary to complete projects. A number of internal and external factors can affect these estimates, including labor rates, utilization, specification variances and testing requirement changes.

If a group of agreements are entered 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 comprise 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 the entity will be entitled in exchange for transferring the promised goods or services to a customer. When estimating variable consideration, the Company will consider all relevant facts and circumstances. Variable consideration will be estimated and included in the contract price only when it is probable that a significant reversal in the amount of revenue recognized will not occur.

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 (revenues in excess of billings), or contract liabilities (unearned revenue) on the Company's Consolidated Balance Sheets. The Company records revenues in excess of billings when the Company has transferred goods or services but does not yet have the right to consideration. The Company records unearned revenue when the Company has received or has the right to receive consideration but has not yet transferred goods or services to the customer.

Unearned Revenue

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 license and services starting in future periods are included in accounts receivable and unearned revenue.

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, 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.

INTANGIBLE ASSETS

Intangible assets consist of product licenses, renewals, enhancements, copyrights, trademarks, trade names, and customer lists. Intangible assets with finite lives are amortized over the estimated useful life and are evaluated for impairment at least on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We assess recoverability by determining whether the carrying value of such assets will be recovered through the undiscounted expected future cash flows. If the future undiscounted cash flows are less than the carrying amount of these assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets.

SOFTWARE DEVELOPMENT COSTS

Costs incurred to internally develop computer software products or to enhance an existing product are recorded as research and development costs and expensed when incurred until technological feasibility for the respective product is established. Thereafter, all software development costs are capitalized and reported at the lower of unamortized cost or net realizable value. Capitalization ceases when the product or enhancement is available for general release to customers.

The Company makes on-going evaluations of the recoverability of its capitalized software projects by comparing the amount capitalized for each product to the estimated net realizable value of the product. If such evaluations indicate that the unamortized software development costs exceed the net realizable value, the Company writes off the amount which the unamortized software development costs exceed net realizable value. Capitalized and purchased computer software development costs are being amortized ratably based on the projected revenue associated with the related software or on a straight-line basis.

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. In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. We estimate the forfeiture rate based on historical experience and our expectations regarding future pre-vesting termination behavior of employees. To the extent our actual forfeiture rate is different from our estimate; stock-based compensation expense is adjusted accordingly.

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, 2024 COMPARED TO THE YEAR ENDED JUNE 30, 2023

The following table sets forth the items in our consolidated statement of operations for the years ended June 30, 2024 and 2023 as a percentage of revenues.

	For the Years Ended June 30,			
	2024	%	2023	%
Net Revenues:				
License fees	\$ 5,449,991	8.9%	\$ 2,269,564	4.3%
Subscription and support	27,952,768	45.5%	25,980,661	49.6%
Services	27,990,332	45.6%	24,142,990	46.1%
Total net revenues	61,393,091	100.0%	52,393,215	100.0%
Cost of revenues	32,108,221	52.3%	35,477,652	67.7%
Gross profit	29,284,870	47.7%	16,915,563	32.3%
Operating expenses:				
Selling, general and administrative	24,388,714	39.7%	24,093,908	46.0%
Research and development cost	1,402,601	2.3%	1,601,613	3.1%
Total operating expenses	25,791,315	42.0%	25,695,521	49.0%
Income (loss) from operations	3,493,555	5.7%	(8,779,958)	-16.8%
Other income and (expenses)				
Interest expense	(1,142,166)	-1.9%	(765,030)	-1.5%
Interest income	1,911,258	3.1%	1,217,850	2.3%
Gain (loss) on foreign currency exchange transactions	(1,187,320)	-1.9%	6,748,038	12.9%
Share of net loss from equity investment	-	0.0%	(1,033,243)	-2.0%
Other income (expense)	148,120	0.2%	(605,570)	-1.2%
Total other income (expenses)	(270,108)	-0.4%	5,562,045	10.6%
Net income (loss) before income taxes	3,223,447	5.3%	(3,217,913)	-6.1%
Income tax provision	(1,145,518)	-1.9%	(926,560)	-1.8%
Net income (loss)	2,077,929	3.4%	(4,144,473)	-7.9%
Non-controlling interest	(1,394,056)	-2.3%	(1,099,275)	-2.1%
Net income (loss) attributable to NetSol	\$ 683,873	1.1%	\$ (5,243,748)	-10.0%
Net income (loss) per share:				
Net income (loss) per common share				
Basic	\$ 0.06		\$ (0.46)	
Diluted	\$ 0.06		\$ (0.46)	
Weighted average number of shares outstanding				
Basic	11,378,595		11,279,966	
Diluted	11,421,940		11,279,966	

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 20 “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)	Favorable (Unfavorable) Change due to Currency Fluctuation	Total Favorable (Unfavorable) Change as Reported
	2024	%	2023	%	Change in Constant Currency		
Net Revenues:	\$ 61,393,091	100.0%	\$ 52,393,215	100.0%	\$ 9,305,284	\$ (305,408)	\$ 8,999,876
Cost of revenues:	32,108,221	52.3%	35,477,652	67.7%	255,946	3,113,485	3,369,431
Gross profit	29,284,870	47.7%	16,915,563	32.3%	9,561,230	2,808,077	12,369,307
Operating expenses:	25,791,315	42.0%	25,695,521	49.0%	(2,120,127)	2,024,333	(95,794)
Income (loss) from operations	\$ 3,493,555	5.7%	\$ (8,779,958)	-16.8%	\$ 7,441,103	\$ 4,832,410	\$ 12,273,513

Net revenues for the years ended June 30, 2024 and 2023 by segment are as follows:

	2024		2023	
	Revenue	%	Revenue	%
North America	\$ 5,933,797	9.7%	\$ 6,117,282	11.7%
Europe	11,967,802	19.5%	10,758,444	20.5%
Asia-Pacific	43,491,492	70.8%	35,517,489	67.8%
Total	\$ 61,393,091	100.0%	\$ 52,393,215	100.0%

Revenues

License Fees

License fees for the year ended June 30, 2024 were \$5,449,991 compared to \$2,269,564 for the year ended June 30, 2023 reflecting an increase of \$3,180,427 with a change in constant currency of \$3,215,311. In the fiscal year ended June 30, 2024, we recognized approximately \$2,800,000 related to the sale of our NFS Ascent[®] CMS software to a renowned US auto manufacturer based in China, and we recognized approximately \$1,142,000 related to the license renewal with an existing customer, and we recognized approximately \$465,000 related to the additional sale of our NFS Ascent[®] CMS software to a renowned German auto manufacturer based in China, and we recognized approximately \$610,000 related to selling licenses of our digital applications to a current Indonesian customer. In the fiscal year ended June 30, 2023, we recognized approximately \$1,918,000 related to a new NFS Ascent[®] agreement with Kubota in Australia and approximately \$188,000 related to a new agreement with the Government of Khyber Pakhtunkhwa for the sale of our Ascent[®] product.

Subscription and Support

Subscription and support fees for the year ended June 30, 2024, were \$27,952,768 compared to \$25,980,661 for the year ended June 30, 2023 reflecting an increase of \$1,972,107 with an increase in constant currency of \$2,048,348. 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 NFS Ascent[®].

Services

Services income for the year ended June 30, 2024, was \$27,990,332 compared to \$24,142,990 for the year ended June 30, 2023, reflecting an increase of \$3,847,342 with an increase in constant currency of \$3,976,019. The increase in services revenue on a constant currency basis is due to the increase in implementation revenue associated with the signing of new contracts, change requests, enhancements and reimbursable costs. Services revenue is derived from services provided to both current customers as well as services provided to new customers as part of the implementation process.

Gross Profit

The gross profit was \$29,284,870 for the year ended June 30, 2024 compared with \$16,915,563 for the year ended June 30, 2023. This is an increase of \$12,369,307 with an increase in constant currency of \$9,561,230. The gross profit percentage for the year ended June 30, 2024 increased to 47.7% from 32.3% for the year ended June 30, 2023. The cost of sales was \$32,108,221 for the year ended June 30, 2024 compared to \$35,477,652 for the year ended June 30, 2023 for a decrease of \$3,369,431 and on a constant currency basis a decrease of \$255,946. As a percentage of sales, cost of sales decreased from 67.7% for the year ended June 30, 2023 to 52.3% for the year ended June 30, 2024.

Salaries and consultant fees decreased by \$2,406,609 from \$26,029,516 for the year ended June 30, 2023 to \$23,622,907 for the year ended June 30, 2024 and on a constant currency basis decreased by \$201,846. For fiscal years 2024 and 2023, we had an average of 1,569 and 1,505 employees, respectively. As of June 30, 2024, our total number of technical employees decreased to 1,066 from a maximum of 1,415. As a percentage of sales, salaries and consultant expense decreased from 49.7% for the year ended June 30, 2023 to 38.5% for the year ended June 30, 2024.

Travel increased by \$533,401 from \$2,410,041 for the year ended June 30, 2023 to \$2,943,442 for the year ended June 30, 2024 and on a constant currency basis increased by \$807,100. 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 4.6% for year ended June 30, 2023 to 4.8% for the year ended June 30, 2024.

Depreciation and amortization expense decreased to \$1,144,809 compared to \$2,504,046 for the year ended June 30, 2023 or a decrease of \$1,359,237 and on a constant currency basis a decrease of \$1,158,666. The decrease is primarily attributed to the full amortization of our capitalized software.

Other cost decreased to \$4,397,063 for the year ended June 30, 2024 compared to \$4,534,049 for the year ended June 30, 2023 or a decrease of \$136,986 and on a constant currency basis an increase of \$297,466. The increase in constant currency is mainly due to increase in third party hardware cost of approximately \$558,000, off set by decrease in computer cost of approximately \$226,000.

Operating Expenses

Operating expenses were \$25,791,315 for the year ended June 30, 2024 compared to \$25,695,521, for the year ended June 30, 2023 for an increase of \$95,794 and on a constant currency basis an increase of \$2,120,127. As a percentage of sales, it decreased from 49.0% to 42.0%. The increase in operating expenses was primarily due to increases in selling expenses, general and administrative expenses and research and development costs.

Selling and marketing expenses increased by \$443,895 and on a constant currency basis increased by \$884,209. The increase in constant currency is mainly due to increases in salaries of approximately \$85,000, travel of approximately \$382,000 and other selling expenses of approximately \$421,000.

General and administrative expenses were \$16,259,348 for the year ended June 30, 2024, compared to \$16,244,936 at June 30, 2023 or a slight increase of \$14,412, and on a constant currency basis an increase of \$1,358,218. During the year ended June 30, 2024, salaries increased by approximately \$872,822 or increased by approximately \$1,307,610 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 \$1,700,000 and on a constant currency basis decreased by approximately \$1,700,000.

Research and development costs were \$1,402,601 for the year ended June 30, 2024 compared to \$1,601,613 for the year ended June 30, 2023 or a decrease of \$199,012 and on constant currency basis an increase of \$910.

Income/Loss from Operations

Income from operations was \$3,493,555 for the year ended June 30, 2024 compared to a loss of \$8,779,958 for the year ended June 30, 2023. This represents an increase in income of \$12,273,513 with an increase of \$7,441,103 on a constant currency basis for the year ended June 30, 2024 compared with the year ended June 30, 2023. As a percentage of sales, income from operations was 5.7% for the year ended June 30, 2024 compared to loss of 16.8% for the year ended June 30, 2023.

Other Income and Expense

Other expense was \$270,108 for the year ended June 30, 2024 compared to income of \$5,562,045 for the year ended June 30, 2023. This represents a decrease of \$5,832,153 with a decrease of \$5,864,720 on a constant currency basis. The decrease is primarily due to the foreign currency exchange transactions off set by recording other comprehensive loss and an impairment in our Drivemate investment and an increase in interest expense.

Interest income was \$1,911,258 for the year ended June 30, 2024 compared to \$1,217,850 for the period ended June 30, 2023. This represents an increase of \$693,408 or a change of \$946,301 on a constant currency basis. Interest income is earned on cash maintained in interest bearing accounts.

During the year ended June 30, 2024, we recognized a loss of \$1,187,320 in foreign currency exchange transactions compared to a gain of \$6,748,038 for the year ended June 30, 2023. 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, 2024, the value of the U.S. dollar and the Euro decreased 3.1% and 4.6%, respectively, compared to the PKR. During the year ended June 30, 2023, the value of the U.S. dollar and the Euro increased 39.8% and 45.6%, respectively, compared to the PKR.

There was no share of net income (loss) from equity investment for the year ended June 30, 2024 compared to a net loss from equity investment of \$1,033,243 for the period ended June 30, 2023. This represents a decrease of \$1,033,243 or a change of \$1,033,243 on a constant currency basis. During the year ended June 30, 2023, we recorded an impairment of approximately \$1,041,000 on our investment in Drivemate.

Included in other expenses for the year ended June 30, 2023, is \$324,000 and \$650,000 related to other comprehensive loss on liquidation of NTPK Thailand and WRLD3D, respectively. These amounts were reclassified from other comprehensive income to the statement of operations for the year ended June 30, 2023.

Non-controlling Interest

For the year ended June 30, 2024 and 2023, the net income attributable to non-controlling interest was \$1,394,056 and \$1,099,275, respectively. The increase in non-controlling interest is primarily due to the increase in net income of NetSol PK.

Net Income (Loss) Attributable to NetSol

Net income was \$683,873 for the year ended June 30, 2024 compared to a net loss of \$5,243,748 for the year ended June 30, 2023. This is an increase in income of \$5,927,621 with an increase of \$2,298,324 on a constant currency basis, compared to the prior year. For the year ended June 30, 2024, net income per share was \$0.06 for basic and diluted shares. For the year ended June 30, 2023, net loss per share was \$0.46 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 and adjusted EBITDA per basic and diluted share 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.
- Adjusted EBITDA per basic and diluted share – Adjusted EBITDA allocated to common stock divided by the weighted average shares outstanding and diluted shares outstanding.

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 and non-GAAP adjusted EBITDA per basic and diluted share calculations. 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 which generally requires cash settlement by NetSol, and therefore is not used by us to assess the profitability of our operations. 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.

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 a net adjusted EBITDA.

Our reconciliation of the non-GAAP financial measures of adjusted EBITDA and non-GAAP earnings per basic and diluted share to the most comparable GAAP measures for the years ended June 30, 2024 and 2023 are as follows:

	For the Years Ended June 30,	
	2024	2023
Net Income (loss) attributable to NetSol	\$ 683,873	\$ (5,243,748)
Non-controlling interest	1,394,056	1,099,275
Income taxes	1,145,518	926,560
Depreciation and amortization	1,721,800	3,244,538
Interest expense	1,142,166	765,030
Interest (income)	(1,911,258)	(1,217,850)
EBITDA	\$ 4,176,155	\$ (426,195)
Add back:		
Non-cash stock-based compensation	308,569	317,451
Adjusted EBITDA, gross	\$ 4,484,724	\$ (108,744)
Less non-controlling interest (a)	(1,810,394)	(2,154,850)
Adjusted EBITDA, net	\$ 2,674,330	\$ (2,263,594)
Weighted Average number of shares outstanding		
Basic	11,378,595	11,279,966
Diluted	11,421,940	11,279,966
Basic adjusted EBITDA	\$ 0.24	\$ (0.20)
Diluted adjusted EBITDA	\$ 0.23	\$ (0.20)

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

Net Income (loss) attributable to non-controlling interest	\$ 1,394,056	\$ 1,099,275
Income Taxes	198,923	253,158
Depreciation and amortization	440,302	905,002
Interest expense	354,624	237,162
Interest (income)	(590,170)	(369,197)
EBITDA	\$ 1,797,735	\$ 2,125,400
Add back:		
Non-cash stock-based compensation	12,659	29,450
Adjusted EBITDA of non-controlling interest	\$ 1,810,394	\$ 2,154,850

LIQUIDITY AND CAPITAL RESOURCES

Our cash position was \$19,127,165 at June 30, 2024, compared to \$15,533,254 at June 30, 2023.

Net cash provided by operating activities was \$2,909,388 for the year ended June 30, 2024 compared to \$2,009,571 for the year ended June 30, 2023. At June 30, 2024, we had current assets of \$47,462,083 and current liabilities of \$23,868,822. We had accounts receivable of \$13,049,614 at June 30, 2024 compared to \$11,714,422 at June 30, 2023. We had revenues in excess of billings of \$13,638,547 at June 30, 2024 compared to \$12,377,677 at June 30, 2023 of which \$954,029 and \$ nil are shown as long term as of June 30, 2024 and 2023, respectively. The long-term portion was discounted by \$152,446 and \$ nil at June 30, 2024 and 2023, respectively, using the discounted cash flow method with interest rates ranging from 7.3% to 17.5%, for the year ended June 30, 2024. During the year ended June 30, 2024, our revenues in excess of billings were reclassified to accounts receivable pursuant to billing requirements detailed in each contract. The combined totals for accounts receivable and revenues in excess of billings increased by \$2,596,062 from \$24,092,099 at June 30, 2023 to \$26,688,161 at June 30, 2024. Accounts payable and accrued expenses, and current portions of loans and lease obligations amounted to \$8,232,342 and \$6,276,125, respectively, at June 30, 2024. Accounts payable and accrued expenses, and current portions of loans and lease obligations amounted to \$6,552,181 and \$5,779,510, respectively, at June 30, 2023. The average days sales outstanding for the years ended June 30, 2024 and 2023 were 151 and 168 days respectively. The days sales outstanding have been calculated by taking into consideration the average combined balances of accounts receivable and revenue in excess of billings.

Net cash used by investing activities amounted to \$291,538 for the year ended June 30, 2024, compared to \$1,399,231 for the year ended June 30, 2023. We had net purchases of property and equipment of \$291,538 compared to \$1,399,231 for the comparable period last fiscal year.

Net cash provided by financing activities was \$239,551 compared to net cash used in financing activities of \$718,992, for the years ended June 30, 2024, and 2023, respectively. During the year ended June 30, 2023, our subsidiaries used cash of \$61,124, for the purchase of treasury shares. The year ended June 30, 2024, included cash inflow of \$756,936 from bank proceeds compared to \$270,292 for the same period last year. During the year ended June 30, 2024, we had net payments for bank loans and capital leases of \$517,385 compared to \$928,160 for the year ended June 30, 2023. 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 15 of the financial statements. We are in compliance with the covenants of the financial arrangements and there is no default which 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, 2024, we had approximately \$19.1 million of cash, cash equivalents and marketable securities of which approximately \$18.2 million is held by our foreign subsidiaries. As of June 30, 2023, we had approximately \$15.5 million of cash, cash equivalents and marketable securities of which approximately \$13.5 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 on-going capital expenditure needs based on our short term and long-term business plans. Although our requirements for capital expenses vary from time to time, for the next 12 months, we anticipate needing working capital of \$2 to \$3 million for APAC, U.S. and European new business development activities and infrastructure enhancements.

Financial Covenants

Our UK based subsidiary, NTE, has an approved overdraft facility of £300,000 (\$379,747) which 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. The Pakistani subsidiary, NetSol PK has an approved facility for export refinance from Askari Bank Limited amounting to Rupees 500 million (\$1,796,558) and a running finance facility of Rupees 53.6 million (\$192,591). NetSol PK has an approved facility for export refinance from another Habib Metro Bank Limited amounting to Rupees 900 million (\$3,233,804). These facilities require NetSol PK to maintain a long-term debt equity ratio of 60:40 and the current ratio of 1:1. NetSol PK also has an approved export refinance facility of Rs. 380 million (\$1,365,384) from Samba Bank Limited. During the tenure of loan, these two facilities 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 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:

Contractual Obligation	Payment due by period				
	Total	0 - 1 year	1-3 Years	3-5 Years	More than 5 years
Debt Obligations					
D&O Insurance	\$ 124,314	\$ 124,314	\$ -	\$ -	\$ -
Loan Payable Bank - Export Refinance	1,796,558	1,796,558	-	-	-
Loan Payable Bank - Export Refinance II	1,365,384	1,365,384	-	-	-
Loan Payable Bank - Export Refinance III	2,515,181	2,515,181	-	-	-
Sale and Leaseback Financing	56,842	47,158	9,684	-	-
Short Term Loan	412,655	412,655	-	-	-
Subsidiary Finance Leases	100,962	14,875	86,087	-	-
Operating Lease Obligations	1,296,951	608,202	586,864	101,885	-
Total	<u>\$ 7,668,847</u>	<u>\$ 6,884,327</u>	<u>\$ 682,635</u>	<u>\$ 101,885</u>	<u>\$ -</u>

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, 2024 and June 30, 2023, 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, 2024 and 2023, 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, 2024. 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, 2024, the Company's internal control over financial reporting are 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 2024, 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

NONE

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, 2024, 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 2023 Annual Shareholders Meeting held in June 2024, a five-member board stood for election. The members were elected and, according to the bylaws of the Company shall retain their position as directors until the next meeting. The board of directors is made up of Mr. Najeeb U. Ghauri (Chairman of the Board), Mr. Mark Caton, Ms. Malea Farsai, Mr. Kausar Kazmi and Mr. Michael Francis.

Committees

During the fiscal year 2024, the Audit Committee, the Compensation Committee and the Nominating and Corporate Government Committee were structured as follows: The Audit Committee consisted of Mr. Kazmi, as Chair, with Mr. Caton and Mr. Francis as members. The Compensation Committee consisted of Mr. Caton, as Chair, with Mr. Kazmi and Mr. Francis as its members. The Nominating and Corporate Governance Committee consisted of Mr. Francis, as Chair, with Mr. Caton and Mr. Kazmi as its members.

The table below provides the membership for each of the committees during Fiscal Year 2024.

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
Michael Francis (I)	X	X	X (C)

(I) Denotes an Independent Director.

(C) Denotes the Chairperson of the Committee.

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	70	Chief Executive Officer, Chairman and Director	Brother of Naeem Ghauri
Naeem Ghauri	1999	67	President	Brother of Najeeb Ghauri
Roger Almond	2013	59	Chief Financial Officer	None
Patti L. W. McGlasson	2004	59	Sr. V.P., Legal and Corporate Affairs; Secretary, General Counsel	None
Mark Caton	2002	75	Director	None
Malea Farsai	2018	55	Director; Corporate Counsel	None
Syed Kausar Kazmi	2019	71	Director	None
Michael Francis	2023	58	Director	None

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 present. Mr. Ghauri was responsible for NETSOL listing on NASDAQ in 1999 and NETSOL Pakistan 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 cutting 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 e Imtiaz", a medal of pride, in recognition for 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 managers. Mr. Ghauri attended Eastern Illinois University in 1977-78 for 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 US Pakistan Business Council in 2006, a Washington D.C. based council of 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 participated in NASDAQ opening and/or closing bell ceremonies in 2006, 2008, 2009, 2015 and 2020.

Skills and Qualifications: Mr. Ghauri has an extensive executive, operational and strategic leadership experience in a global setting and substantial experience in establishing management performance objective and establishing 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 25-year career in technology industry.

NAEEM GHAURI was a Director of the Company from 1999 through 2020 and 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 as 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. 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 is a board member of Drivemate Co., Ltd., the Company's partner in Thailand, as a representative of NetSol. 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.

ROGER ALMOND was appointed Chief Financial Officer on September 9, 2013. Since 2007, Roger 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 financials statements, footnotes and MD&A. Prior to his current position, 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.

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 Financial Officer, Mr. Almond possesses extensive knowledge in several important business areas, including public company accounting, leadership, risk assessment, and international, cross-border accounting.

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 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 in Law in Transnational Business from the University of the Pacific, McGeorge School of Law, in 1991 and 1993, respectively. As part of her Masters in Law in Transnational Business, she interned at the law firm of Loeff Claey's 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.

MARK CATON joined the Board of Directors in 2007. 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 is the Chair of the Compensation Committee and a member of the Audit and Nominating and Corporate Governance Committees. Mr. Caton received his BA from UCLA in psychology in 1971.

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

MALEA FARSAI joined the Board of Directors for the first time in 2018 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 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 has been actively updating and overseeing the Company's Corporate and Social Responsibilities (CSR) globally and has effectively established a 501(c)(3) foundation for NETSOL to continue its charitable work internationally. 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 sits on the board 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.

SYED KAUSAR KAZMI joined the Board of Directors in 2019. Mr. Kazmi brings 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 II 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, expending its focus on business development.

MICHAEL FRANCIS served his first year on the Board of Directors in 2023. Mr. Francis brings over 30 years of expertise in the banking and finance industry. He is currently Joint Managing Partner of Alderson Francis Associates Ltd, which provides business consulting to UK finance, software, and private equity businesses. Prior to this, he was Co-Head of Investment Banking at Investec Bank UK PLC, until October 2020. He was at Investec for 18 years, in various roles, most significantly as the founder and CEO of Investec Asset Finance PLC, which is a significant client of NETSOL. From November 2022 to May 2023, Mr. Francis served as an interim executive director for VLS, a subsidiary of NTE to utilize his Financial Conduct Authority (FCA) authorization to assist VLS in strategic management of its business and to meet VLS's FCA requirements. Mr. Francis also held senior management positions at Barclays Bank PLC and ANZ Investment Bank. Mr. Francis received his BSc in Biochemistry with II Class Honors from The University College of Wales, Aberystwyth in 1987. He is also a Fellow of the Institute of Chartered Accountants in England and Wales, qualifying with Ernst & Young in 1992. Mr. Francis is currently a trustee of the School of Hard Knocks located in the United Kingdom. He also served as the Chair of the Finance Committee of The Beacon School, located in the UK, for nine years. In September 2023, Mr. Francis was appointed as the Chair of the Nomination and Corporate Governance Committee and a member of the Audit and Compensation Committees.

Skills and Qualifications: Mr. Francis brings to the Board a seasoned expertise in financial services strategy, especially in the field of Lease and Finance as well as management proficiency.

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://ir.netsoltech.com/governance-docs>. 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 whose members are the independent directors of the Company, specifically, Mr. Kazmi, Mr. Caton, and Mr. Tolentino with Mr. Francis replacing Mr. Tolentino after being elected to the Board in June 2023 and being appointed as a member of the Audit Committee in September 2023. Mr. Kazmi is the current Chair of the Audit Committee.

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. 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 46.

Fiscal 2024 Executive Compensation Highlights and Governance

This section identifies the most significant decisions and changes made regarding NETSOL's executive compensation in fiscal year 2024.

Shareholder Approval of Compensation

At the last annual general meeting held on June 13, 2024, shareholders expressed support for our executive compensation programs, with 91% 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.

Taking into account the support of this plan at the June 13, 2024 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 30th 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 periodically engages 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 2024, 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 of 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 of 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 has retained Compensation Resources, Inc. as its independent compensation consultant. Compensation Resources provided 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 fiscal year 2024, Compensation Resources did not provide services to the Company. Based on these factors and its own evaluation of Compensation Resources independence pursuant to the requirements approved and adopted by the SEC, the Compensation Committee has determined that the work performed by Compensation Resources does not raise any conflicts of interest.

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	<ul style="list-style-type: none">• Our executive compensation programs are designed to create shareholder value.
Performance based	<ul style="list-style-type: none">• 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.
Appropriate Risk	<ul style="list-style-type: none">• 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.• 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	<ul style="list-style-type: none">• Our executive compensation programs are designed to be competitive within the relevant markets.
Simple and transparent	<ul style="list-style-type: none">• 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:

American Software, Inc.
BSquare Corp.
Cass Information Systems
Digital Turbine, Inc.
Everbridge, 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 has determined to utilize the services of a consultant for purposes of comparing our compensation program with similarly situated companies in like industries. The recommendations of these consultants will be utilized by the Compensation Committee in determining the appropriate compensation packages in addition to taking into account the unique global scale of the Company's business. While these consultants may make general recommendations about the size and components of compensation, we anticipate our philosophy to continue on the basis of a pay-for-performance philosophy.

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.

2024 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.

Mr. Ghauri's base salary for fiscal year 2024 was \$693,000 and in addition he received \$200,000 in allowances. Mr. Ghauri's base salary will be \$840,000 and allowances will remain the same for fiscal year 2025. Mr. Almond's base salary for fiscal year 2024 was \$226,000 and in addition he received \$24,000 in allowances. For fiscal year 2025, Mr. Almond's salary will be \$275,000. Ms. McGlasson's salary for fiscal year 2024 was \$233,622 and her base salary for fiscal year 2025 will be \$252,312. The Compensation Committee determined that salary alone was an adequate basis for short term compensation, and that equity incentives would be used for the long-term elements of incentive programs for Ms. McGlasson and Mr. Almond.

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 in order 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 2024 are reflected in the summary of compensation table on page 46. For 2024, based on structured key performance indices (KPI) by the Compensation Committee, Mr. Ghauri earned a bonus of \$472,890. See bonus structure as discussed below on page 44. The Compensation Committee determined that Gross Revenue and Income from Operations structure used in fiscal 2024 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 in order 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 take into account 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 taking into account 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. Najeeb Ghauri's bonus for fiscal year 2024 is based on the 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, 2024. Total net revenues and income from operations are based on those values reported for the year ending June 30, 2024 excluding any adjustments relating to changes in revenue recognition policy.

Mr. Ghauri's bonus for fiscal year 2025 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, 2024. 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			<u>\$ 150,000</u>	<u>\$ 300,000</u>	<u>\$ 600,000</u>	<u>\$ 750,000</u>	<u>\$ 900,000</u>	<u>\$ 1,050,000</u>	<u>\$ 1,200,000</u>

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 Financial 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 first 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 first 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

Commencing on July 1, 2006, we began accounting 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, 2024 and 2023, earned by our Chairman and Chief Executive Officer, 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	Salary (\$)	Bonus (\$)	Stock	Option	All Other	Total (\$)
	Ended			Awards	Awards	Compensation	
				(\$) (1)	(\$)	(\$)	
Najeeb Ghauri	2024	\$ 693,000	\$ 472,890 ⁽²⁾	\$ -	\$ 20,285	\$ 200,000 ⁽³⁾	\$ 1,386,175
CEO & Chairman	2023	\$ 700,000	\$ -(2)	\$ -	\$ -	\$ 200,000 ⁽³⁾	\$ 900,000
Naeem Ghauri	2024	\$ 920,000 ⁽⁴⁾	\$ -	\$ -	\$ 20,285	\$ - ⁽⁵⁾	\$ 940,285
President	2023	\$ 802,883 ⁽⁴⁾	\$ -	\$ -	\$ -	\$ 47,220 ⁽⁵⁾	\$ 850,103
Roger K Almond	2024	\$ 226,000	\$ 20,000	\$ -	\$ -	\$ 37,713 ⁽⁶⁾	\$ 283,713
Chief Financial Officer	2023	\$ 226,000	\$ 10,000	\$ -	\$ -	\$ 36,871 ⁽⁶⁾	\$ 272,871
Patti L. W. McGlasson	2024	\$ 233,622	\$ -	\$ -	\$ -	\$ 13,073 ⁽⁷⁾	\$ 246,695
Secretary, General Counsel	2023	\$ 233,622	\$ -	\$ -	\$ -	\$ 11,719 ⁽⁷⁾	\$ 245,341

(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 42.

(3) Per Mr. Najeeb Ghauri's compensation agreement, he received \$200,000 in allowances, perquisites and benefits such as car allowance, insurance premiums, and home office allowance for the fiscal years ended June 30, 2024 and 2023.

(4) Consists of \$780,000 and \$610,068 base salary and \$140,000 and \$192,815 commission for the fiscal years ended June 30, 2024 and 2023, respectively.

(5) Per Mr. Naeem Ghauri's compensation agreement, he received \$nil and \$47,220 in allowances, perquisites and benefits for the fiscal years ended June 30, 2024 and 2023, respectively.

(6) Consists of \$13,713 and \$12,871 paid for medical and dental insurance premiums for participation in the health insurance program for the fiscal years ended June 30, 2024 and 2023, respectively, and \$24,000 paid as car allowance for the years ended June 30, 2024 and 2023.

(7) Consists of \$13,073 and \$11,719 paid for medical and dental insurance premiums for participation in the health insurance program for the fiscal years ended June 30, 2024 and 2023, respectively.

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 agreement 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 2024, Mr. Ghauri is entitled to an annualized compensation of \$900,000 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 40. For fiscal year 2025, 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, 2024.

Employment Agreement with Roger K. Almond

Effective July 1, 2024, the Company entered into an amended and restated employment agreement with our Chief Executive Officer, Roger Almond (the "CFO Agreement"). The CFO Agreement was amended solely to place the base salary for Mr. Almond into the Appendix to the CFO 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 CFO 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 2024, Mr. Almond was entitled to an annualized base salary of \$226,000 per annum and a \$2,000 per month car allowance, and eligible for annual bonuses at the discretion of the Chief Executive Officer. Mr. Almond's salary for the fiscal year 2025 will be \$275,000, 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 CFO Agreement also includes provisions respecting severance, non-solicitation, non-competition, and confidentiality obligations. Pursuant to the CFO 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 12 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 12 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 CFO 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 CFO Agreement by the Company. Under the CFO 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 CFO Agreement by Mr. Almond.

The above summary of the CFO Agreement is qualified in its entirety by reference to the full text of the CFO Agreement, a copy of which was filed as an exhibit to this form 10-K.

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 \$233,622 per annum for the fiscal year 2024, and is eligible for annual bonuses at the discretion of the Chief Executive Officer. Ms. McGlasson's salary for fiscal year 2025 will be \$252,312. 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 Agreement filed with this 10-K.

Outstanding Equity Awards at Fiscal Year-End

The following table shows grants of stock options and grants of unvested stock awards outstanding on June 30, 2024, the last day of our fiscal year, to each of the individuals named in the Summary Compensation Table.

NAME	OPTION AWARDS				STOCK AWARDS			
	NUMBER OF SECURITIES UNDERLYING OPTIONS (#) EXERCISABLE	NUMBER OF SECURITIES UNDERLYING OPTIONS (#) UNEXERCISABLE	OPTION EXERCISE PRICE (\$)	OPTION EXPIRATION DATE	NUMBER OF COMMON STOCK THAT HAVE NOT VESTED	MARKET VALUE OF SHARES THAT HAVE NOT VESTED (\$)	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES THAT HAVE NOT VESTED	EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF SHARES THAT HAVE NOT VESTED (\$)
Najeeb Ghauri	50,000	-	2.15	1/1/25	-	-	-	-
Naeem Ghauri	50,000	-	2.15	1/1/25	-	-	-	-
Roger K Almond	-	-	-	-	-	-	-	-
Patti L. W. McGlasson	-	-	-	-	-	-	-	-

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, 2024, 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	\$ 2,800,000	\$ 116,667	\$ 2,800,000
Health Related Benefits	39,216	-	39,216
Bonus	-	-	-
Salary Multiple Pay-out	2,093,000	-	-
Bonus or Revenue One-time Pay-Out	613,931	-	-
Net Cash Value of Options	107,500	-	-
Total	\$ 5,653,647	\$ 116,667	\$ 2,839,216

Roger Almond, Chief Financial 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, 2024, 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	\$ 226,000	\$ 37,667	\$ 226,000
Health related benefits	15,252	-	15,252
Bonus	-	-	-
Salary Multiple Pay-out	675,740	-	-
Bonus or Revenue One-time Pay-Out	306,965	-	-
Net Cash Value of Options	-	-	-
Total	\$ 1,223,957	\$ 37,667	\$ 241,252

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, 2024, the last day of our most recently completed fiscal year.

<u>BENEFITS AND PAYMENTS</u>	<u>TERMINATION AFTER CHANGE OF CONTROL</u>	<u>TERMINATION UPON DEATH OR DISABILITY</u>	<u>TERMINATION BY US WITHOUT CAUSE OR BY EXECUTIVE FOR GOOD REASON</u>
Base Salary Continuance	\$ 467,244	\$ 38,937	\$ 467,244
Health related benefits	25,704	-	25,704
Bonus	-	-	-
Salary Multiple Pay-out	698,530	-	-
Bonus or Revenue One-time Pay-Out	306,965	-	-
Net Cash Value of Options	-	-	-
Total	<u>\$ 1,498,443</u>	<u>\$ 38,937</u>	<u>\$ 492,948</u>

Director Compensation

Director Compensation Policy

Mr. Najeeb Ghauri and Ms. Malea Farsai are not paid any fees or other compensation for services as members of our Board of Directors.

The Committee relied on a survey conducted by Compensation Resources, Inc. in setting the 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 as 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 sets forth a summary of the compensation earned by our Directors and/or paid to certain of our Directors pursuant to the Company's compensation policies for the fiscal year ended June 30, 2024, other than Najeeb Ghauri and Malea Farsai who were paid as part of their employment agreements with the Company and not as directors.

<u>NAME</u>	<u>FEES EARNED OR PAID IN CASH (\$)</u>	<u>SHARE AWARDS (\$)</u>	<u>TOTAL (\$)</u>
Mark Caton	53,000	53,000	106,000
Kausar Kazmi	53,000	53,000	106,000
Michael Francis	53,000	53,000	106,000
	<u>159,000</u>	<u>159,000</u>	<u>318,000</u>

Independent members of our Board of Directors 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. Caton (Chairman), Mr. Kazmi, and Mr. Francis. 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, 2024, 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.

Employee Equity Plans

OPTIONS:

	<u>Number of Options Authorized</u>	<u>Options Grants Issued</u>	<u>Options Grants Cancelled / Expired</u>	<u>Available for Issue</u>	<u>Options Issued but Outstanding</u>
The 2005 stock option plan	500,000	499,859	-	141	-
The 2013 stock option plan	1,250,000	1,247,476	-	2,524	-
The 2015 stock option plan	1,250,000	1,214,013	-	35,987	250,000
	<u>3,700,000</u>	<u>3,661,348</u>	<u>-</u>	<u>38,652</u>	<u>250,000</u>

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 15, 2024, 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)	(3)	Number of Shares Beneficially Owned (2)	Percentage
Najeeb Ghauri	(3)	903,363	7.88%
Naeem Ghauri	(3)	472,869	4.12%
Mark Caton	(3)	144,366	1.26%
Kausar Kazmi	(3)	54,229	*
Michael Francis	(3)	5,217	*
Patti McGlasson	(3)	81,050	*
Roger Almond	(3)	20,736	*
Malea Farsai	(3)	39,811	*
Todd M Felte	(5)	673,347	5.89%
The Vanguard Group	(6)	646,484	5.66%
All officers and directors as a group (eight persons)		1,721,641	15.02%

* Less than one percent

(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 20, 2024, 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 20, 2024 were 11,430,891.

(5) 5% or greater shareholder based on Schedule 13G filing on January 30, 2024.

(6) 5% or greater shareholder based on Schedule 13G filing on February 13, 2024.

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, 2023, 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.

Director Independence

The Nasdaq Stock Market LLC (“Nasdaq”) requires that a majority of our board of directors must 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 Mark Caton, Kausar Kazmi, Mr. Henry Tolentino, and Michael Francis are “independent”. Our board currently consists of three independent directors and two non-independent directors. Mr. Tolentino’s term ended in June 2024 and Mr. Francis was elected to the Board of Directors in June 2024.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

For the fiscal year ended June 30, 2024, we engaged two independent registered public accounting firms due to a change in auditors during the year.

1. BF Borgers CPA PC (“BF Borgers”) was engaged to audit our financial statements and perform review services for the fiscal year ended June 30, 2023. We incurred fees of \$262,500 for these audit services. In addition, BF Borgers was engaged to review our quarterly financial statements for the first two quarters of fiscal year ended 2024, for which we incurred fees of \$60,000.
2. Due to subsequent sanctions imposed by the SEC on BF Borgers, we engaged Fortune CPA (“Fortune”) to re-audit the financial statements for the fiscal year ended June 30, 2023, and to audit our financial statements for the fiscal year ended June 30, 2024. In addition, Fortune reviewed our quarterly financial statements for the third quarter of fiscal year 2024 and 2023. The total amount paid to Fortune for these services was \$563,500.

Tax Fees

Tax fees for fiscal year 2024 were \$19,000 and consisted of the preparation of the Company’s federal and state tax returns for the fiscal years 2023. Tax fees for fiscal year 2023 were \$16,000 and consisted of the preparation of the Company’s federal and state tax returns for the fiscal year 2022.

All Other Fees

No other fees were paid to principal accountant during the fiscal years 2024 and 2023.

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 therefore 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.

PART IV

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

(a) Exhibits

- 3.1 [Amendments to and Original Articles of Incorporation of NetSol Technologies from the inception date of March 18, 1997 to the most recent Amendment on August 6, 2012. \(1\)](#)
- 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. incorporatd 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. \(1\)](#)
- 10.3 [Employment Agreement by and between the Company and Najeeb Ghauri dated September 25, 2024. \(1\)](#)
- 10.4 [Employment Agreement by and between the Company and Roger K. Almond dated September 25, 2024. \(1\)](#)
- 10.5 [Company 2005 Stock Option Plan incorporated by reference as Exhibit 1.1 to NETSOL's Definitive Proxy Statement filed on March 3, 2006. *](#)
- 10.6 [Company's 2011 Equity Incentive and Nonstatutory Plan incorporated by reference as Appendix A to NETSOL's Proxy Statement filed on April 11, 2011. *](#)
- 10.7 [Company's 2013 Equity Incentive Plan incorporated by reference as Appendix A to NETSOL's Definitive Proxy Statement filed on May 29, 2013. *](#)
- 10.8 [Restated Charter of the Compensation Committee dated effective September 10, 2013. *](#)
- 10.9 [Restated Charter of the Nominating and Corporate Governance Committee dated effective September 10, 2013. *](#)
- 10.10 [Restated Charter of the Audit Committee dated effective September 10, 2013. *](#)
- 10.11 [Restated Code of Business Conduct & Ethics dated effective September 10, 2013. *](#)
- 10.12 [Company's 2015 Equity Incentive Plan incorporated by reference as Appendix A to NETSOL's Definitive Proxy Statement filed on April 15, 2015. *](#)
- 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 \(CFO\) \(1\)](#)
- 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 Section 13 or 15 (d) of the Exchange Act, the Registrant caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized.

NetSol Technologies, Inc.

Date: September 30, 2024

BY: /S/ NAJEEB GHURI

Najeeb Ghauri
Chief Executive Officer

Date: September 30, 2024

BY: /S/ ROGER K. ALMOND

Roger K. Almond
Chief Financial Officer
Principal Financial Officer

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 30, 2024

BY: /S/ NAJEEB U. GHAURI

Najeeb U. Ghauri
Chief Executive Officer
Director, Chairman

Date: September 30, 2024

BY: /S/ ROGER K. ALMOND

Roger K. Almond
Chief Financial Officer
Principal Accounting Officer

Date: September 30, 2024

BY: /S/ MARK CATON

Mark Caton
Director

Date: September 30, 2024

BY: /S/ MALEA FARSAI

Malea Farsai
Director

Date: September 30, 2024

BY: /S/ MICHAEL FRANCIS

Michael Francis
Director

Date: September 30, 2024

BY: /S/ KAUSAR KAZMI

Kausar Kazmi
Director

NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES
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Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of NetSol Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NetSol Technologies, Inc. (the “Company”) and its subsidiaries as of June 30, 2024 and 2023, and the related consolidated statements of operations and comprehensive loss, 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, 2024 and 2023, 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.

Orange, CA

September 30, 2024

PCAOB #6901

NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

ASSETS	As of June 30, 2024	As of June 30, 2023
Current assets:		
Cash and cash equivalents	\$ 19,127,165	\$ 15,533,254
Accounts receivable, net of allowance of \$398,809 and \$420,354	13,049,614	11,714,422
Revenues in excess of billings, net of allowance of \$116,148 and \$1,380,141	12,684,518	12,377,677
Other current assets	2,600,786	1,978,514
Total current assets	47,462,083	41,603,867
Revenues in excess of billings, net - long term	954,029	-
Property and equipment, net	5,106,842	6,161,186
Right of use assets - operating leases	1,328,624	1,151,575
Other assets	32,340	32,327
Intangible assets, net	-	127,931
Goodwill	9,302,524	9,302,524
Total assets	\$ 64,186,442	\$ 58,379,410
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 8,232,342	\$ 6,552,181
Current portion of loans and obligations under finance leases	6,276,125	5,779,510
Current portion of operating lease obligations	608,202	505,237
Unearned revenue	8,752,153	7,932,306
Total current liabilities	23,868,822	20,769,234
Loans and obligations under finance leases; less current maturities	95,771	176,229
Operating lease obligations; less current maturities	688,749	652,194
Total liabilities	24,653,342	21,597,657
Stockholders' equity:		
Preferred stock, \$.01 par value; 500,000 shares authorized;	-	-
Common stock, \$.01 par value; 14,500,000 shares authorized; 12,359,922 shares issued and 11,420,891 outstanding as of June 30, 2024 , 12,284,887 shares issued and 11,345,856 outstanding as of June 30, 2023	123,602	122,850
Additional paid-in-capital	128,783,865	128,476,048
Treasury stock (at cost, 939,031 shares as of June 30, 2024 and June 30, 2023)	(3,920,856)	(3,920,856)
Accumulated deficit	(44,212,313)	(44,896,186)
Other comprehensive loss	(45,935,616)	(45,975,156)
Total NetSol stockholders' equity	34,838,682	33,806,700
Non-controlling interest	4,694,418	2,975,053
Total stockholders' equity	39,533,100	36,781,753
Total liabilities and stockholders' equity	\$ 64,186,442	\$ 58,379,410

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,	
	2024	2023
Net Revenues:		
License fees	\$ 5,449,991	\$ 2,269,564
Subscription and support	27,952,768	25,980,661
Services	27,990,332	24,142,990
Total net revenues	<u>61,393,091</u>	<u>52,393,215</u>
Cost of revenues	<u>32,108,221</u>	<u>35,477,652</u>
Gross profit	29,284,870	16,915,563
Operating expenses:		
Selling, general and administrative	24,388,714	24,093,908
Research and development cost	1,402,601	1,601,613
Total operating expenses	<u>25,791,315</u>	<u>25,695,521</u>
Income (loss) from operations	3,493,555	(8,779,958)
Other income and (expenses)		
Interest expense	(1,142,166)	(765,030)
Interest income	1,911,258	1,217,850
Gain (loss) on foreign currency exchange transactions	(1,187,320)	6,748,038
Share of net loss from equity investment	-	(1,033,243)
Other income (expense)	148,120	(605,570)
Total other income (expenses)	<u>(270,108)</u>	<u>5,562,045</u>
Net income (loss) before income taxes	3,223,447	(3,217,913)
Income tax provision	<u>(1,145,518)</u>	<u>(926,560)</u>
Net income (loss)	2,077,929	(4,144,473)
Non-controlling interest	(1,394,056)	(1,099,275)
Net income (loss) attributable to NetSol	<u>\$ 683,873</u>	<u>\$ (5,243,748)</u>
Net income (loss) per share:		
Net income (loss) per common share		
Basic	\$ 0.06	\$ (0.46)
Diluted	\$ 0.06	\$ (0.46)
Weighted average number of shares outstanding		
Basic	<u>11,378,595</u>	<u>11,279,966</u>
Diluted	<u>11,421,940</u>	<u>11,279,966</u>

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,	
	2024	2023
Net income (loss)	\$ 683,873	\$ (5,243,748)
Other comprehensive income (loss):		
Translation adjustment	364,849	(10,184,324)
Translation adjustment attributable to non-controlling interest	(325,309)	3,572,253
Net translation adjustment	39,540	(6,612,071)
Comprehensive income (loss) attributable to NetSol	\$ 723,413	\$ (11,855,819)

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, 2024 and 2023

	Common Stock		Additional Paid-in Capital	Treasury Shares	Accumulated Deficit	Other Compre- hensive Loss	Non Controlling Interest	Total Stockholders' Equity
	Shares	Amount						
Balance at June 30, 2022	12,196,570	\$ 121,966	\$ 128,218,247	\$(3,920,856)	\$(39,652,438)	\$(39,363,085)	\$ 5,450,389	\$ 50,854,223
Common stock issued for:								
Services	88,317	884	225,616	-	-	-	-	226,500
Adjustment in APIC for change in subsidiary shares to non-controlling interest			120,565	-	-	-	(120,565)	-
Fair value of subsidiary options issued	-	-	90,951	-	-	-	-	90,951
Acquisition of non-controlling interest in subsidiary	-	-	(179,331)	-	-	-	118,207	(61,124)
Foreign currency translation adjustment	-	-	-	-	-	(6,612,071)	(3,572,253)	(10,184,324)
Net income (loss) for the year	-	-	-	-	(5,243,748)	-	1,099,275	(4,144,473)
Balance at June 30, 2023	<u>12,284,887</u>	<u>\$ 122,850</u>	<u>\$ 128,476,048</u>	<u>\$(3,920,856)</u>	<u>\$(44,896,186)</u>	<u>\$(45,975,156)</u>	<u>\$ 2,975,053</u>	<u>\$ 36,781,753</u>

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, 2024 and 2023

	Common Stock		Additional Paid-in Capital	Treasury Shares	Accumulated Deficit	Other Compre- hensive Loss	Non Controlling Interest	Total Stockholders' Equity
	Shares	Amount						
Balance at June 30, 2023	12,284,887	\$ 122,850	\$ 128,476,048	\$ (3,920,856)	\$ (44,896,186)	\$ (45,975,156)	\$ 2,975,053	\$ 36,781,753
Common stock issued for:								
Services	75,035	752	167,298	-	-	-	-	168,050
Fair value								
of options issued	-	-	101,424	-	-	-	-	101,424
of subsidiary options issued			39,095	-	-	-	-	39,095
Foreign currency translation adjustment	-	-	-	-	-	39,540	325,309	364,849
Net income (loss) for the year			-	-	683,873	-	1,394,056	2,077,929
Balance at June 30, 2024	<u>12,359,922</u>	<u>\$ 123,602</u>	<u>\$ 128,783,865</u>	<u>\$ (3,920,856)</u>	<u>\$ (44,212,313)</u>	<u>\$ (45,935,616)</u>	<u>\$ 4,694,418</u>	<u>\$ 39,533,100</u>

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,	
	2024	2023
Cash flows from operating activities:		
Net income (loss)	\$ 2,077,929	\$ (4,144,473)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,721,800	3,244,538
Provision (reversal) for bad debts	(29,134)	1,702,744
Impairment and share of net loss from investment under equity method	-	2,113,430
(Gain) loss on sale of assets	(101,864)	19,721
Stock based compensation	308,569	317,451
Changes in operating assets and liabilities:		
Accounts receivable	(1,296,321)	(6,860,983)
Accounts receivable - related party	(606,061)	
Revenues in excess of billing	(1,205,456)	1,514,305
Other current assets	(216,944)	(131,108)
Accounts payable and accrued expenses	1,611,745	709,758
Unearned revenue	645,125	3,524,188
Net cash provided by operating activities	2,909,388	2,009,571
Cash flows from investing activities:		
Purchases of property and equipment	(515,404)	(1,639,438)
Sales of property and equipment	223,866	240,207
Net cash used in investing activities	(291,538)	(1,399,231)
Cash flows from financing activities:		
Purchase of subsidiary treasury stock	-	(61,124)
Proceeds from bank loans	756,936	270,292
Payments on finance lease obligations and loans - net	(517,385)	(928,160)
Net cash provided by (used in) financing activities	239,551	(718,992)
Effect of exchange rate changes	736,510	(8,321,891)
Net increase (decrease) in cash and cash equivalents	3,593,911	(8,430,543)
Cash and cash equivalents at beginning of the period	15,533,254	23,963,797
Cash and cash equivalents at end of period	\$ 19,127,165	\$ 15,533,254

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,	
	2024	2023
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for:		
Interest	\$ 1,576,454	\$ 679,925
Taxes	\$ 704,868	\$ 982,731
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Assets acquired under finance lease	\$ 122,045	\$ -
Shares issued to vendor for services received	\$ -	\$ 67,500

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

NETSOL TECHNOLOGIES, INC.
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

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 Ascent Middle East Computer Equipment Trading LLC (“Namecet”)
NetSol Technologies Thailand Limited (“NetSol Thai”)
OTOZ, Inc. (“OTOZ”)
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.

NETSOL TECHNOLOGIES, INC.
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

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 provision for doubtful accounts, provision for taxation, useful life of depreciable assets, useful life of intangible assets, contingencies, 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 (\$68,776) in each bank and in the UK for GBP 85,000 (\$107,595) in each bank. The Company maintains three bank accounts in China and nine bank accounts in the UK. As of June 30, 2024 and 2023, the Company had uninsured deposits related to cash deposits in accounts maintained within foreign entities of approximately \$18,182,002 and \$13,523,997, 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 maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management regularly reviews the composition of accounts receivable and analyzes customer credit worthiness, customer concentrations, current economic trends and changes in customer payment patterns. Reserves are recorded primarily on a specific identification basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

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Revenues in Excess of Billings

Revenues in excess of billings 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 revenues in excess of billings, 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.

Investments

The Company uses the equity investment without readily determinable fair value method to account for investments in businesses that are not publicly traded and for which the Company does not control or have the ability to exercise significant influence over operating and financial policies. In accordance with this method, these investments are recorded at lower of cost or fair value, as appropriate, and are classified as long-term.

Investments held by the Company in businesses that are not publicly traded and for which the Company has the ability to exercise significant influence over operating and financial management are accounted for under the equity method. In accordance with the equity method, these investments are originally recorded at cost and are adjusted for the Company’s proportionate share of earnings, losses and distributions. These investments are classified as long-term.

The Company assesses and records impairment losses when events and circumstances indicate the investments might be impaired. Gains and losses are recognized when realized and recorded in other income (expense) in the accompanying Consolidated Statements of Operations.

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. Following is the summary of estimated useful lives of the assets:

<u>Category</u>	<u>Estimated Useful Life</u>
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

The Company capitalizes costs of materials, consultants, and payroll and payroll-related costs for employees incurred in developing internal-use computer software. These costs are included with “Computer equipment and software.”

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.

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Intangible Assets

Intangible assets consist of capitalized software cost. Intangible assets with finite lives are amortized over the estimated useful life and are evaluated for impairment at least on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company assesses recoverability by determining whether the carrying value of such assets will be recovered through the discounted expected future cash flows. If the future discounted cash flows are less than the carrying amount of these assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets.

Software Development Costs

Costs incurred to internally develop computer software products or to enhance an existing product are recorded as research and development costs and expensed when incurred until technological feasibility for the respective product is established. Thereafter, all software development costs are capitalized and reported at the lower of unamortized cost or net realizable value. Capitalization ceases when the product or enhancement is available for general release to customers.

The Company makes on-going evaluations of the recoverability of its capitalized software projects by comparing the amount capitalized for each product to the estimated present value of expected future net income from the product. If such evaluations indicate that the unamortized software development costs exceed the present value of expected future net income, the Company writes off the amount which the unamortized software development costs exceed such present value. Capitalized and purchased computer software development costs are being amortized ratably based on the projected revenue associated with the related software or on a straight-line basis.

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.

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, restricted cash, accounts receivable, accounts payable and short-term debt, the carrying amounts approximate fair value due to their relatively short maturities.

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The three levels of valuation hierarchy are defined as follows:

- Level 1: Valuations consist of unadjusted quoted prices in active markets for identical assets and liabilities and has the highest priority.
- Level 2: Valuations rely on quoted prices in markets that are not active or observable inputs over the full term of the asset or liability.
- Level 3: Valuations are based on prices or third party or internal valuation models that require inputs that are significant to the fair value measurement and are less observable and thus have the lowest priority.

The Company's financial assets that were measured at fair value on a recurring basis as of June 30, 2024, are as follows:

	Level 1	Level 2	Level 3	Total Assets
Revenues in excess of billings - long term	\$ -	\$ -	\$ 954,029	\$ 954,029
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 954,029</u>	<u>\$ 954,029</u>

The Company did not have any financial assets that were measured at fair value on a recurring basis at June 30, 2023.

The reconciliation for the years ended June 30, 2024 and 2023 is as follows:

	Revenues in excess of billings - long term	Fair value discount	Total
Balance at June 30, 2022	\$ 881,940	\$ (28,339)	\$ 853,601
Amortization during the period	-	28,029	28,029
Transfers to short term	(890,794)	-	(890,794)
Effect of Translation Adjustment	8,854	310	9,164
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additions	1,107,853	(194,827)	913,026
Amortization during the period	-	42,814	42,814
Effect of Translation Adjustment	(1,378)	(433)	(1,811)
Balance at June 30, 2024	<u>\$ 1,106,475</u>	<u>\$ (152,446)</u>	<u>\$ 954,029</u>

The Company used the discounted cash flow method with interest rates ranging from 7.3% to 17.5%, for the year ended June 30, 2024.

Management analyzes all financial instruments with features of both liabilities and equity under ASC 480, "Distinguishing Liabilities From Equity" and ASC 815, "Derivatives and Hedging." Derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives. The effects of interactions between embedded derivatives are calculated and accounted for in arriving at the overall fair value of the financial instruments. In addition, the fair values of freestanding derivative instruments such as warrants and option derivatives are valued using the Black-Scholes model.

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Unearned Revenue

Unearned revenue represents billings in excess of revenue earned on contracts and are recognized on a pro-rata basis over the life of the contract.

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, 2024 and 2023 were \$148,953 and \$64,556, respectively.

Share-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.

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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
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 performances. The Company allocates its resources and assesses the performance of its sales activities based on the geographic locations of its subsidiaries. (See Note 20 "Segment Information and Geographic Areas")

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Recent Accounting Standards Adopted by the Company:

In November 2023, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2023-07 “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.” This ASU expands public entities’ segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment’s profit or loss and assets. This ASU is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. This ASU is applicable to the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2025, and subsequent interim periods, with early application permitted. The Company is currently evaluating the impact of the application of this ASU on its consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU No. 2023-09 “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” This ASU updates income tax disclosure requirements primarily by requiring specific categories and greater disaggregation within the rate reconciliation and disaggregation of income taxes paid by jurisdiction. This ASU is effective for annual periods beginning after December 15, 2024, and is applicable to the Company’s fiscal year beginning July 1, 2025, with early application permitted. The Company is currently evaluating the impact of the application of this ASU on its consolidated financial statements and 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.

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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 subscription 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. In fixed fee arrangements, revenue is recognized as services are performed as measured by costs incurred to date, compared to total estimated costs to complete the services project. 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.

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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 overtime 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,	
	2024	2023
Core:		
License	\$ 5,449,991	\$ 2,269,564
Subscription and support	27,952,768	25,980,661
Services	22,329,439	19,676,414
Total core revenue, net	<u>55,732,198</u>	<u>47,926,639</u>
Non-Core:		
Services	5,660,893	4,466,576
Total non-core revenue, net	<u>5,660,893</u>	<u>4,466,576</u>
Total net revenue	<u>\$ 61,393,091</u>	<u>\$ 52,393,215</u>

Significant Judgments

More judgments and estimates are required under Topic 606 than were required under Topic 605. Due to the complexity of certain contracts, the actual revenue recognition treatment required under Topic 606 for the Company's arrangements may be dependent 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 stand-alone 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 inputs involved in the Company's revenue recognition policies are: The (1) stand-alone selling prices of the Company's software license, and the (2) the method of recognizing revenue for installation/customization, and other services.

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The stand-alone selling price of the licenses was measured primarily through an analysis of pricing that management evaluated 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 stand-alone 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 separate 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 "man-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 man-days required to complete implementation and customization services each reporting period.

Revenue is recognized over time for the Company's subscription, post contract support and fixed fee professional services that are separate performance obligations. For the Company's professional services, revenue is recognized over time, generally using costs incurred or hours expended to measure progress. Judgment is required in estimating project status and the costs necessary to complete projects. A number of internal and external factors can affect these estimates, including labor rates, utilization, specification variances and testing requirement changes.

If a group of agreements are entered 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 comprise 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 the entity will be entitled in exchange for transferring the promised goods or services to a customer. When estimating variable consideration, the Company will consider all relevant facts and circumstances. Variable consideration will be estimated and included in the contract price only when it is probable that a significant reversal in the amount of revenue recognized will not occur.

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 (revenues in excess of billings), or contract liabilities (unearned revenue) on the Company's Consolidated Balance Sheets. The Company records revenues in excess of billings when the Company has transferred goods or services but does not yet have the right to consideration. The Company records unearned revenue when the Company has received or has the right to receive consideration but has not yet transferred goods or services to the customer.

The revenues in excess of billings are transferred to receivables when the rights to consideration become unconditional, usually upon completion of a milestone.

The Company's revenues in excess of billings and unearned revenue are as follows:

	As of June 30, 2024	As of June 30, 2023
Revenues in excess of billings	\$ 13,638,547	\$ 12,377,677
Unearned revenue	\$ 8,752,153	\$ 7,932,306

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The Company's unearned revenue reconciliation is as follows:

	Unearned Revenue
Balance at June 30, 2022	\$ 4,901,562
Invoiced	23,549,941
Revenue Recognized	(19,762,568)
Adjustments	(756,629)
Balance at June 30, 2023	7,932,306
Invoiced	24,039,382
Revenue Recognized	(23,216,573)
Adjustments	(2,962)
Balance at June 30, 2024	\$ 8,752,153

At June 30, 2023, the Company recorded a provision of \$1,275,000 against revenues in excess of billings related to an overdue balance from a customer in the Asia-Pacific segment, which the Company determined to be uncollectible.

During the year ended June 30, 2024, the Company recognized revenue of \$7,424,262, which was included in the unearned revenue balance at the beginning of the period. All other activity in unearned revenue 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 unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Contracted but unsatisfied performance obligations were approximately \$30,500,000 as of June 30, 2024, of which the Company estimates to recognize approximately \$20,300,000 in revenue over the next 12 months and the remainder over an estimated 3 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. 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.

Unearned Revenue

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 license and services starting in future periods are included in accounts receivable and unearned revenue.

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).

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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 – RE-CLASSIFICATION OF OTHER COMPREHENSIVE INCOME (LOSS)

The Company re-classified certain foreign currency translation adjustments of foreign entities in other comprehensive income (loss) to income (loss) for the period ended June 30, 2023.

Details about Accumulated Other Comprehensive Income (Loss) Components	For the Year ended June 30, 2023 Amount Reclassified from Accumulated Other Income (Loss)	Affected Line Item in the Statement Consolidated Statement of Operations Where Net Loss is Presented
Foreign currency translation gain (loss) on liquidation of NTPK Thailand	\$ (323,764)	Gain on foreign currency exchange transactions
Foreign currency translation gain (loss) on investment in WRLD3D	(650,242)	Other income (expense)
Total reclassification for the period	\$ (974,006)	

NTPK Thailand had been a dormant company in Thailand since 2016 when it was replaced by NetSol Technologies Thailand Limited. During the year ended June 30, 2023, the dissolution of NTPK Thailand was finalized by Thailand's authorities.

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NOTE 5 – 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, 2024		
	Net Income	Shares	Per Share
Basic income (loss) per share:			
Net income (loss) available to common shareholders	\$ 683,873	11,378,595	\$ 0.06
Effect of dilutive securities			
Stock options	-	43,345	-
Diluted income (loss) per share	\$ 683,873	11,421,940	\$ 0.06
	For the year ended June 30, 2023		
	Net Loss	Shares	Per Share
Basic income (loss) per share:			
Net income (loss) available to common shareholders	\$ (5,243,748)	11,279,966	\$ (0.46)
Effect of dilutive securities			
Share grants	-	-	-
Diluted income (loss) per share	\$ (5,243,748)	11,279,966	\$ (0.46)

NOTE 6 – MAJOR CUSTOMERS

During the year ended June 30, 2024, revenues from Daimler Financial Services (“DFS”) were \$15,670,054 representing 25.5% of revenues. During the year ended June 30, 2023, revenues from Daimler Financial Services (“DFS”) were \$14,982,394 representing 28.6% of revenues. The revenues from DFS are shown in the Asia – Pacific segment.

Accounts receivable from DFS at June 30, 2024 and 2023 were \$538,648 and \$4,368,881, respectively. Revenues in excess of billings at June 30, 2024 and 2023 were \$892,109 and \$1,961,750, respectively.

NOTE 7 - OTHER CURRENT ASSETS

Other current assets consisted of the following:

	As of June 30, 2024	As of June 30, 2023
Prepaid Expenses	\$ 1,314,524	\$ 1,299,334
Advance Income Tax	300,368	144,428
Employee Advances	165,264	68,488
Security Deposits	199,633	177,148
Other Receivables	258,880	92,716
Other Assets	362,117	196,400
Net Balance	\$ 2,600,786	\$ 1,978,514

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NOTE 8 – REVENUES IN EXCESS OF BILLINGS – LONG TERM

Revenues in excess of billings, net consisted of the following:

	As of June 30, 2024	As of June 30, 2023
Revenues in excess of billings - long term	\$ 1,106,475	\$ -
Present value discount	(152,446)	-
Net Balance	<u>\$ 954,029</u>	<u>\$ -</u>

Pursuant to revenue recognition for contract accounting, the Company had recorded revenues in excess of billings long-term for amounts billable after one year. During the years ended June 30, 2024 and 2023, the Company accreted \$42,814 and \$28,029, respectively, which was recorded in interest income for that period. The Company used the discounted cash flow method with interest rates ranging from 7.3% to 17.5%, for the year ended June 30, 2024, an interest rate of 4.35% during the year ended June 30, 2023.

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	As of June 30, 2024	As of June 30, 2023
Office Furniture and Equipment	\$ 2,352,940	\$ 2,678,664
Computer Equipment	8,679,791	8,317,131
Assets Under Capital Leases	154,718	46,554
Building	3,602,819	3,497,913
Land	913,473	885,474
Autos	1,658,961	1,941,063
Improvements	206,387	205,289
Subtotal	<u>17,569,089</u>	<u>17,572,088</u>
Accumulated Depreciation	<u>(12,462,247)</u>	<u>(11,410,902)</u>
Property and Equipment, Net	<u>\$ 5,106,842</u>	<u>\$ 6,161,186</u>

For the years ended June 30, 2024 and 2023, depreciation expense totaled \$1,595,959 and \$2,072,897, respectively. Of these amounts, \$1,018,768 and \$1,332,405, respectively, are reflected in cost of revenues.

Following is a summary of fixed assets held under capital leases as of June 30, 2024 and 2023:

	As of June 30, 2024	As of June 30, 2023
Vehicles	\$ 154,718	\$ 46,554
Total	154,718	46,554
Less: Accumulated Depreciation - Net	<u>(25,078)</u>	<u>(17,366)</u>
	<u>\$ 129,640</u>	<u>\$ 29,188</u>

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Finance lease term and discount rate were as follows:

	As of June 30, 2024	As of June 30, 2023
Weighted average remaining lease term - Finance leases	2.75 Years	1.21 Years
Weighted average discount rate - Finance leases	11.3%	16.4%

NOTE 10 - 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. A ROU asset and a lease liability are recognized at 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.

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Supplemental balance sheet information related to leases was as follows:

	As of June 30, 2024	As of June 30, 2023
Assets		
Operating lease assets, net	\$ 1,328,624	\$ 1,151,575
Liabilities		
Current		
Operating	\$ 608,202	\$ 505,237
Non-current		
Operating	688,749	652,194
Total Lease Liabilities	\$ 1,296,951	\$ 1,157,431

The components of lease cost were as follows:

	For the Years Ended June 30,	
	2024	2023
Amortization of finance lease assets	\$ 15,061	\$ 10,904
Interest on finance lease obligation	6,206	4,966
Operating lease cost	403,438	446,627
Short term lease cost	297,014	184,526
Sub lease income	(33,417)	(31,998)
Total lease cost	\$ 688,302	\$ 615,025

Lease term and discount rate were as follows:

	As of June 30, 2024	As of June 30, 2023
Weighted average remaining lease term - Operating leases	1.99 Years	3.09 Years
Weighted average discount rate - Operating leases	4.5%	4.0%

NETSOL TECHNOLOGIES, INC.
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Supplemental disclosures of cash flow information related to leases were as follows:

	For the Years Ended June 30,	
	2024	2023
Operating cash flows related to operating leases	\$ 322,953	\$ 457,592
Operating cash flows related to finance leases	\$ 6,203	\$ 5,075
Financing cash flows related finance leases	\$ 25,477	\$ 32,536

Maturities of operating lease liabilities were as follows as of June 30, 2024:

	Amount
Within year 1	\$ 664,131
Within year 2	422,077
Within year 3	205,912
Within year 4	108,550
Within year 5	474
Total Lease Payments	1,401,144
Less: Imputed interest	(104,193)
Present Value of lease liabilities	1,296,951
Less: Current portion	(608,202)
Non-Current portion	\$ 688,749

The Company is a lessor for certain office space leased by the Company and sub-leased to others under non-cancelable 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, 2024 and 2023, the Company received lease income of \$33,417 and \$31,998, respectively.

NOTE 11 – LONG-TERM INVESTMENT

Drivemate-Related Party

The Company and Drivemate Co., Ltd. (“Drivemate”) entered into a subscription agreement on April 25, 2019, whereby the Company purchased an equity interest of 30% in Drivemate and appointed two directors to the Drivemate board.

Under the equity method of accounting, the Company recorded its share of net income of \$7,510 for the year ended June 30, 2023. For the year ended June 30, 2023, the Company performed a fair value analysis and determined that the carrying amount of the investment exceeded the investment’s fair value; therefore, the Company recorded an impairment of \$1,041,482. The impairment expense is recorded in the line item “share of net loss under equity method” in the “Consolidated Statement of Operations”.

On October 10, 2023, a third-party company acquired 100% of Drivemate in a share exchange valued at THB 3,000,000 (approximately \$87,000). In return, the Company will receive 1,381 shares of the third-party company, representing less than one percent ownership. As a result, the Company’s investment was valued at approximately \$26,000 and has been classified under “other assets” on the consolidated balance sheet.

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The following table reflects the above investments at June 30, 2024 and 2023.

	Long Term Investment
Net investment at June 30, 2022	\$ 1,059,368
Net income on investment for the year ended June 30, 2023	7,510
Impairment	(1,041,482)
Net investment at June 30, 2023	25,396
Impairment	-
Net investment at June 30, 2024	\$ 25,396

NOTE 12 - INTANGIBLE ASSETS

Intangible assets consisted of the following:

	As of June 30, 2024	As of June 30, 2023
Product Licenses - Cost	\$ 39,395,533	\$ 47,244,997
Effect of Translation Adjustment	(24,365,719)	(24,756,959)
Accumulated Amortization	(15,029,814)	(22,360,107)
Net Balance	\$ -	\$ 127,931

Product Licenses

Amortization expense for the years ended June 30, 2024 and 2023 was \$126,041 and \$1,171,641, respectively.

NOTE 13 – 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, 2024	As of June 30, 2023
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 14 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

	As of June 30, 2024	As of June 30, 2023
Accounts Payable	\$ 1,426,930	\$ 1,114,915
Accrued Liabilities	4,323,662	3,695,091
Accrued Payroll	1,392,112	982,884
Accrued Payroll Taxes	215,197	170,063
Taxes Payable	634,035	195,491
Other Payable	240,406	393,737
Total	\$ 8,232,342	\$ 6,552,181

NETSOL TECHNOLOGIES, INC.
Notes to Consolidated Financial Statements
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NOTE 15 – DEBTS

Notes payable and capital leases consisted of the following:

Name		As of June 30, 2024		
		Total	Current Maturities	Long-Term Maturities
D&O Insurance	(1)	\$ 124,314	\$ 124,314	\$ -
Line of Credit	(2)	-	-	-
Bank Overdraft Facility	(3)	-	-	-
Loan Payable Bank - Export Refinance	(4)	1,796,558	1,796,558	-
Loan Payable Bank - Running Finance	(5)	-	-	-
Loan Payable Bank - Export Refinance II	(6)	1,365,384	1,365,384	-
Loan Payable Bank - Export Refinance III	(7)	2,515,181	2,515,181	-
Sale and Leaseback Financing	(8)	56,842	47,158	9,684
Term Finance Facility	(9)	-	-	-
Short Term Financing	(10)	412,655	412,655	-
		<u>6,270,934</u>	<u>6,261,250</u>	<u>9,684</u>
Subsidiary Finance Leases	(11)	100,962	14,875	86,087
		<u>\$ 6,371,896</u>	<u>\$ 6,276,125</u>	<u>\$ 95,771</u>

Name		As of June 30, 2023		
		Total	Current Maturities	Long-Term Maturities
D&O Insurance	(1)	\$ 89,823	\$ 89,823	\$ -
Line of Credit	(2)	-	-	-
Bank Overdraft Facility	(3)	-	-	-
Loan Payable Bank - Export Refinance	(4)	1,741,493	1,741,493	-
Loan Payable Bank - Running Finance	(5)	-	-	-
Loan Payable Bank - Export Refinance II	(6)	1,323,535	1,323,535	-
Loan Payable Bank - Export Refinance III	(7)	2,438,089	2,438,089	-
Sale and Leaseback Financing	(8)	321,113	148,264	172,849
Term Finance Facility	(9)	13,356	13,356	-
Short Term Financing	(10)	-	-	-
		<u>5,927,409</u>	<u>5,754,560</u>	<u>172,849</u>
Subsidiary Finance Leases	(11)	28,330	24,950	3,380
		<u>\$ 5,955,739</u>	<u>\$ 5,779,510</u>	<u>\$ 176,229</u>

(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 rate on these financings range from 8.6% to 10.9% and 5.0% to 7.9% as of June 30, 2024 and 2023, respectively.

NETSOL TECHNOLOGIES, INC.
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(2) The Company has an uncommitted discretionary demand line of credit up to an aggregate amount of \$1,000,000 with HSBC, secured by lien on the Company's assets. The annual interest rate was 8.75% as of June 30, 2024. The total outstanding balance as of June 30, 2024 was \$nil.

(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 \$379,747. The annual interest rate was 9.5% as of June 30, 2024 and 2023. The total outstanding balance as of June 30, 2024 and 2023 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, 2024, 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. 500,000,000 or \$1,796,558 and Rs. 500,000,000 or \$1,741,493 at June 30, 2024 and 2023, respectively. The interest rate for the loan was 17.5% and 17.0% at June 30, 2024 and 2023, 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. 53,600,000 or \$192,591 and Rs. 53,600,000 or \$186,688, at June 30, 2024 and 2023, respectively. The balance outstanding at June 30, 2024 and 2023 was Rs. Nil. The interest rate for the loan was 22.2% and 24.9% at June 30, 2024 and 2023, respectively.

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, 2024, NetSol PK was in compliance with this covenant.

(6) 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 \$1,365,384 and Rs. 380,000,000 or \$1,323,535, at June 30, 2024 and 2023, respectively. The interest rate for the loan was 17.5% and 18.0% at June 30, 2024 and 2023, 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, 2024, NetSol PK was in compliance with these covenants.

(7) 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 nine months. The total facility amount is Rs. 900,000,000 or \$3,233,804 and Rs. 900,000,000 or \$3,134,687, at June 30, 2024 and 2023, respectively. NetSol PK used Rs. 700,000,000 or \$2,515,181 and Rs. 700,000,000 or \$2,438,089, at June 30, 2024 and 2023, respectively. The interest rate for the loan was 17.5% and 18.0% at June 30, 2024 and 2023, respectively.

(8) 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, 2024, NetSol PK used Rs. 15,819,683 or \$56,842 of which \$9,684 was shown as long term and \$47,158 as current. As of June 30, 2023, NetSol PK used Rs. 92,194,774 or \$321,113 of which \$172,849 was shown as long term and \$148,264 as current. The interest rate for the loan was ranging from 22.7% to 24.2% at June 30, 2024. The interest rate for the loan was ranging from 9.0% to 16.0% at June 30, 2023.

(9) In March 2020, the Company's subsidiary, VLS, entered into a loan agreement with Investec Bank PLC. The loan amount was £69,549, or \$88,037, for a period of 5 years with monthly payments of £1,349, or \$1,708. The subsidiary has paid this facility in full. As of June 30, 2023, the subsidiary has used this facility up to \$13,356, which was shown as current. The interest rate was 6.14% at June 30, 2023.

(10) The Company's subsidiary, NetSol Beijing, has a short term loan facility with Bank of China, secured by personal guarantee of General Manager of NetSol Beijing for a period of one year. The facility amount is CNY 3,000,000 or \$412,655. NetSol Beijing used CNY 3,000,000 or \$412,655, at June 30, 2024. The interest rate of the loan was 3.8% at June 30, 2024.

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(11) The Company leases various fixed assets under capital lease arrangements expiring in various years through 2027. 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, 2024 and 2023.

Following is the aggregate minimum future lease payments under capital leases as of June 30, 2024:

	Amount
Minimum Lease Payments	
Within year 1	\$ 26,467
Within year 2	22,805
Within year 3	82,321
Total Minimum Lease Payments	131,593
Interest Expense relating to future periods	(30,631)
Present Value of minimum lease payments	100,962
Less: Current portion	(14,875)
Non-Current portion	\$ 86,087

Following is the aggregate future long term debt payments, which consists of “Sale and Leaseback Financing (8)”, as of June 30, 2024:

	Amount
Loan Payments	
Within year 1	\$ 47,158
Within year 2	9,684
Total Loan Payments	56,842
Less: Current portion	(47,158)
Non-Current portion	\$ 9,684

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NOTE 16 – 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:

	Years Ended June 30,	
	2024	2023
US operations	\$ (1,719,058)	\$ (394,914)
Foreign operations	4,942,505	(2,822,999)
	<u>\$ 3,223,447</u>	<u>\$ (3,217,913)</u>

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

	Years Ended June 30,	
	2024	2023
Current:		
Federal	\$ -	\$ -
State and Local	1,600	13,972
Foreign	1,143,918	912,588
Deferred:		
Federal	-	-
State and Local	-	-
Foreign	-	-
Provision for income taxes	<u>\$ 1,145,518</u>	<u>\$ 926,560</u>

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

	Years Ended June 30,			
	2024		2023	
Income tax (benefit) provision at statutory rate	\$ 676,924	21.0%	\$ (675,762)	21.0%
State income (benefit) taxes, net of federal tax benefit	224,997	7.0%	(224,610)	7.0%
Foreign earnings taxed at different rates	(238,995)	-7.4%	1,702,463	-52.9%
Change in valuation allowance for deferred tax assets	351,633	10.9%	111,473	-3.5%
Other	130,959	4.1%	12,996	-0.4%
Provision for income taxes	<u>\$ 1,145,518</u>	35.5%	<u>\$ 926,560</u>	-28.8%

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Deferred income tax assets and liabilities as of June 30, 2024 and 2023 consist of tax effects of temporary differences related to the following:

	Years Ended June 30,	
	2024	2023
Net operating loss carry forwards	\$ 11,190,703	\$ 8,281,162
Other	152,814	184,916
Net deferred tax assets	11,343,517	8,466,078
Valuation allowance for deferred tax assets	(11,343,517)	(8,466,078)
Net deferred tax assets	\$ -	\$ -

The Company has established a full valuation allowance as management believes it is more likely than not that these assets will not be realized in the future. The valuation allowance increased by \$2,877,440 for the year ended June 30, 2024.

At June 30, 2024, federal and state net operating loss carry forwards in the United States of America were \$31,249,513 and \$8,757,805, respectively. Federal net operating loss carry forwards begin to expire in 2028, while state net operating loss carry forwards 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 \$12,978,466 at June 30, 2024.

As of June 30, 2024, 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, 2021 through 2023. 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 \$27,412,721 as of June 30, 2024. 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.

Income from the export of computer software and its related services developed in Pakistan was exempt from tax for the year ended June 30, 2023. The aggregate effect of the tax holiday for June 30, 2023 was \$1,359,169. The effect on basic and diluted earnings per share was \$0.12 for June 30, 2023.

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NOTE 17 - STOCKHOLDERS' EQUITY

During the years ended June 30, 2024 and 2023, the Company issued 70,035 and 58,317 shares of common stock respectively, for services rendered by the independent members of the Board of Directors as part of their board compensation. These shares were valued at the fair market value of \$159,000 and \$159,000, respectively, and recorded as compensation expense in the accompanying consolidated financial statements.

During the year ended June 30, 2024, the Company issued 5,000 shares of common stock, to employees pursuant to the terms of their employment agreements. These shares were valued at the fair market value of \$9,050 and recorded as compensation expense in the accompanying consolidated financial statements.

During the years ended June 30, 2024 and 2023, the Company issued Nil and 30,000 shares of common stock for services received from one of its vendors. These shares were valued at the fair market value of \$nil and \$67,500, respectively.

NOTE 18 - INCENTIVE AND NON-STATUTORY STOCK OPTION PLAN

The Company maintains several Incentive and Non-Statutory Stock Option Plans ("Plans") for its employees and consultants. Options granted under these Plans to an employee of the Company become exercisable over a period of no longer than ten (10) years and no less than twenty percent (20%) of the shares are exercisable annually. Options are not exercisable, in whole or in part, prior to one (1) year from the date of grant unless the Board of Directors specifically determines otherwise, as provided.

Two types of options may be granted under these Plans: (1) Incentive Stock Options (also known as Qualified Stock Options) which may only be issued to employees of the Company and whereby the exercise price of the option is not less than the fair market value of the common stock on the date it was reserved for issuance under the Plan; and (2) Non-statutory Stock Options which may be issued to either employees or consultants of the Company and whereby the exercise price of the option may be less than the fair market value of the common stock on the date it was reserved for issuance under the plan. Grants of options may be made to employees and consultants without regard to any performance measures. All options issued pursuant to the Plan are nontransferable and subject to forfeiture.

The Plans provide for the grant of equity-based awards, including options, stock appreciation rights, restricted stock awards or performance share awards or any other right or interest relating to shares or cash, to eligible participants. The Plans contemplate the issuance of common stock upon exercise of options or other awards granted to eligible persons under the Plans. Shares issued under the Plans may be both authorized and unissued shares or previously issued shares acquired by the Company. Upon termination or expiration of an unexercised option, stock appreciation right or other stock-based award under the Plans, in whole or in part, the number of shares of common stock subject to such award again becomes available for grant under the Plans. Any shares of restricted stock forfeited as described below will become available for grant. The maximum number of shares that may be granted to any one participant in any calendar year may not exceed 50,000 shares. All options issued pursuant to the Plan are nontransferable and subject to forfeiture.

Options granted under the Plans are not generally transferable and must be exercised within 10 years, subject to earlier termination upon termination of the option holder's employment, but in no event later than the expiration of the option's term. The exercise price of each option may not be less than the fair market value of a share of the Company's common stock on the date of grant (except in connection with the assumption or substitution for another option in a manner qualifying under Section 424(a) of the Internal Revenue Code of 1986, as amended.

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Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Incentive stock options granted to any participant who owns 10% or more of the Company’s outstanding common stock (a “Ten Percent Shareholder”) must have an exercise price equal to or exceeding 110% of the fair market value of a share of our common stock on the date of the grant and must not be exercisable for longer than five years. Options become vested and exercisable at such times or upon such events and subject to such terms, conditions, performance criteria or restrictions as specified by the Board of Directors. The maximum term of any option granted under the 2015 Plan is ten years, provided that an incentive stock option granted to a Ten Percent Shareholder must have a term not exceeding five years.

Under the Plans, a participant may also be awarded a “performance award,” which means that the participant may receive cash, stock or other awards contingent upon achieving performance goals established by the Board of Directors. The Board of Directors may also make “deferred share” awards, which entitle the participant to receive the Company’s stock in the future for services performed between the date of the award and the date the participant may receive the stock. The vesting of deferred share awards may be based on performance criteria and/or continued service with the Company. A participant who is granted a “stock appreciation right” under the Plan has the right to receive all or a percentage of the fair market value of a share of stock on the date of exercise of the stock appreciation right minus the grant price of the stock appreciation right determined by the Board of Directors (but in no event less than the fair market value of the stock on the date of grant). Finally, the Board of Directors may make “restricted stock” awards under the Plans, which are subject to such terms and conditions as the Board of Directors determines and as are set forth in the award agreement related to the restricted stock. As of June 30, 2024, the remaining shares to be granted are 141 under the 2005 Plan, 2,524 under the 2013 Plan and 35,987 under the 2015 Plan.

Stock Grants

The following table summarizes stock grants awarded as compensation:

	<u># Number of shares</u>	<u>Weighted Average Grant Date Fair Value (\$)</u>
Unvested, June 30, 2022	-	\$ -
Granted	58,317	\$ 2.73
Vested	<u>(58,317)</u>	<u>\$ 2.73</u>
Unvested, June 30, 2023	-	\$ -
Granted	75,035	\$ 2.24
Vested	<u>(75,035)</u>	<u>\$ 2.24</u>
Unvested, June 30, 2024	<u>-</u>	<u>\$ -</u>

For the years ended June 30, 2024 and 2023, the Company recorded compensation expense of \$168,050 and \$159,000, respectively. The weighted average grant date fair value is determined by the Company’s closing stock price on the grant date.

NETSOL TECHNOLOGIES, INC.
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Common stock purchase options consisted of the following:

OPTIONS:

	<u># of shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>	<u>Aggregated Intrinsic Value</u>
Outstanding and exercisable, June 30, 2023	-	-	-	
Granted	250,000	\$ 2.15	0.50	
Exercised	-	-	-	
Expired / Cancelled	-	-	-	
Outstanding and exercisable, June 30, 2024	<u>250,000</u>	<u>\$ 2.15</u>	<u>0.50</u>	<u>\$ 97,500</u>

The aggregate intrinsic value at June 30, 2024 represents the difference between the Company's closing stock price of \$2.54 on June 30, 2024 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, 2024.

<u>Exercise Price</u>	<u>Number Outstanding and Exercisable</u>	<u>Weighted Average Remaining Contractual Life</u>	<u>Weighted Average Exercise Price</u>
<u>OPTIONS:</u>			
\$2.15	250,000	0.50	\$ 2.15
Totals	<u>250,000</u>	<u>0.50</u>	<u>\$ 2.15</u>

OPTIONS

During the year ended June 30, 2024, the Company granted 250,000 options to officers and employees with an exercise price of \$2.15 per share, an expiration date of one year, and immediate vesting. Using the Black-Scholes method to value the options, the Company recorded \$101,424 in compensation expense for these options in the accompanying consolidated financial statements. The fair market value was calculated using the Black-Scholes option pricing model with the following assumptions:

- Risk-free interest rate - 5.24%
- Expected life – 6 months
- Expected volatility – 63.6%
- Expected dividend - 0%

NETSOL TECHNOLOGIES, INC.
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

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 19 – 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, 2024 and 2023, the Company contributed \$1,156,977 and \$1,298,115, respectively, to these plans.

NOTE 20 – 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, related post contract 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 their particular regional location. The Company accounts for intra-company sales and expenses as if the sales or expenses were to third parties and eliminates them in the consolidation.

The following table presents a summary of identifiable assets as of June 30, 2024 and 2023:

	As of June 30, 2024	As of June 30, 2023
Identifiable assets:		
Corporate headquarters	\$ 808,385	\$ 878,899
North America	6,114,142	7,344,122
Europe	9,410,098	8,716,656
Asia - Pacific	47,853,817	41,439,733
Consolidated	<u>\$ 64,186,442</u>	<u>\$ 58,379,410</u>

The following table presents a summary of revenue streams by segment for the years ended June 30, 2024 and 2023:

	2024				2023			
	License fees	Subscription and support	Services	Total	License fees	Subscription and support	Services	Total
North America	\$ -	\$ 4,693,618	\$ 1,240,179	\$ 5,933,797	\$ 28,000	\$ 4,398,429	\$ 1,690,853	\$ 6,117,282
Europe	112,524	3,383,312	8,471,966	11,967,802	136,151	2,682,407	7,939,886	10,758,444
Asia-Pacific	5,337,467	19,875,838	18,278,187	43,491,492	2,105,413	18,899,825	14,512,251	35,517,489
Total	<u>\$ 5,449,991</u>	<u>\$ 27,952,768</u>	<u>\$ 27,990,332</u>	<u>\$ 61,393,091</u>	<u>\$ 2,269,564</u>	<u>\$ 25,980,661</u>	<u>\$ 24,142,990</u>	<u>\$ 52,393,215</u>

NETSOL TECHNOLOGIES, INC.
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

The following table presents a summary of operating information for the years ended June 30:

	For the Years Ended June 30,	
	2024	2023
Revenues from unaffiliated customers:		
North America	\$ 5,933,797	\$ 6,117,282
Europe	11,967,802	10,758,444
Asia - Pacific	43,491,492	35,517,489
	<u>61,393,091</u>	<u>52,393,215</u>
Revenue from affiliated customers		
Asia - Pacific	-	-
	-	-
Consolidated	<u>\$ 61,393,091</u>	<u>\$ 52,393,215</u>
Intercompany revenue		
Europe	\$ 391,921	\$ 394,962
Asia - Pacific	11,550,233	9,075,861
Eliminated	\$ 11,942,154	\$ 9,470,823
Net income (loss) after taxes and before non-controlling interest:		
Corporate headquarters	\$ (1,433,734)	\$ (501,560)
North America	(286,924)	92,674
Europe	(761,600)	(949,214)
Asia - Pacific	4,560,187	(2,786,373)
Consolidated	<u>\$ 2,077,929</u>	<u>\$ (4,144,473)</u>
Depreciation and amortization:		
North America	\$ 1,712	\$ 2,523
Europe	231,018	303,907
Asia - Pacific	1,489,070	2,938,108
Consolidated	<u>\$ 1,721,800</u>	<u>\$ 3,244,538</u>
Interest expense:		
Corporate headquarters	\$ 34,906	\$ 23,639
North America	-	-
Europe	9,297	8,955
Asia - Pacific	1,097,963	732,436
Consolidated	<u>\$ 1,142,166</u>	<u>\$ 765,030</u>
Income tax expense:		
Corporate headquarters	\$ 800	\$ 12,372
North America	800	1,600
Europe	333,071	46,747
Asia - Pacific	810,847	865,841
Consolidated	<u>\$ 1,145,518</u>	<u>\$ 926,560</u>

NETSOL TECHNOLOGIES, INC.
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

The following table presents a summary of capital expenditures for the years ended June 30:

	For the Years Ended June 30,	
	2024	2023
Capital expenditures:		
North America	\$ -	\$ 4,881
Europe	179,102	33,185
Asia - Pacific	336,302	1,601,372
Consolidated	<u>\$ 515,404</u>	<u>\$ 1,639,438</u>

Geographic Information

Disclosed in the table below is geographic information for each country that comprised greater than five percent of total revenues for the years ended June 30, 2024 and 2023.

	June 30, 2024		June 30, 2023	
	Revenue	Long-lived Assets	Revenue	Long-lived Assets
China	\$ 20,747,744	\$ 354,122	\$ 15,120,449	\$ 631,713
Thailand	3,636,153	929,651	2,260,699	207,280
USA	4,853,541	5,001,527	5,057,470	4,805,841
UK	12,175,959	4,454,940	10,758,444	4,276,754
Pakistan & India	2,229,067	5,787,820	2,087,018	6,845,753
Australia & New Zealand	5,454,383	7,168	7,018,095	8,202
Mexico	1,080,256	-	1,059,812	-
Indonesia	4,475,356	189,131	2,903,163	-
South Africa	857,218	-	752,603	-
South Korea	2,491,606	-	1,954,982	-
Other Countries	3,391,808	-	3,420,480	-
Total	<u>\$ 61,393,091</u>	<u>\$ 16,724,359</u>	<u>\$ 52,393,215</u>	<u>\$ 16,775,543</u>

NETSOL TECHNOLOGIES, INC.
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

Disclosed in the table below is the geographic information of total revenues by country for the years ended June 30, 2024 and 2023.

Revenues 2024												
	Total	China	Thailand	USA	UK	Pakistan & India	Australia & New Zealand	Mexico	Indonesia	South Africa	South Korea	Other Countries
North America:	\$ 5,933,797	\$ -	\$ -	\$4,853,541	\$ -	\$ -	\$ -	\$1,080,256	\$ -	\$ -	\$ -	\$ -
Europe:	11,967,800	-	-	-	11,967,800	-	-	-	-	-	-	-
Asia-Pacific:	43,491,494	20,747,744	3,636,153	-	208,159	2,229,067	5,454,383	-	4,475,356	857,218	2,491,606	3,391,808
Total	\$61,393,091	\$20,747,744	\$3,636,153	\$4,853,541	\$12,175,959	\$2,229,067	\$5,454,383	\$1,080,256	\$4,475,356	\$857,218	\$2,491,606	\$3,391,808
Revenues 2023												
	Total	China	Thailand	USA	UK	Pakistan & India	Australia & New Zealand	Mexico	Indonesia	South Africa	South Korea	Other Countries
North America:	\$ 6,117,282	\$ -	\$ -	\$5,057,470	\$ -	\$ -	\$ -	\$1,059,812	\$ -	\$ -	\$ -	\$ -
Europe:	10,758,444	-	-	-	10,758,444	-	-	-	-	-	-	-
Asia-Pacific:	35,517,489	15,120,449	2,260,699	-	-	2,087,018	7,018,095	-	2,903,163	752,603	1,954,982	3,420,480
Total	\$52,393,215	\$15,120,449	\$2,260,699	\$5,057,470	\$10,758,444	\$2,087,018	\$7,018,095	\$1,059,812	\$2,903,163	\$752,603	\$1,954,982	\$3,420,480

NETSOL TECHNOLOGIES, INC.
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 21 – NON-CONTROLLING INTEREST IN SUBSIDIARY

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, 2024
NetSol PK	32.38%	\$ 4,679,101
NetSol-Innovation	32.38%	137,232
NAMECET	32.38%	(21,014)
NetSol Thai	0.006%	(163)
OTOZ Thai	5.60%	(17,483)
OTOZ	5.59%	(83,255)
Total		\$ 4,694,418

SUBSIDIARY	Non-Controlling Interest %	Non-Controlling Interest at June 30, 2023
NetSol PK	32.38%	\$ 3,314,659
NetSol-Innovation	32.38%	(223,504)
NAMECET	32.38%	(5,384)
NetSol Thai	0.006%	(194)
OTOZ Thai	5.60%	(23,572)
OTOZ	5.59%	(86,952)
Total		\$ 2,975,053

OTOZ

In September 2022, the Company's subsidiary, Otoz, issued 191,011 shares to an employee per the employment agreement resulting in an increase of non-controlling interest from 5.59% to 10.94%. The effective shareholding of the non-controlling interest for Otoz Thai increased to 10.95%.

In June 2023, the Company's subsidiary, Otoz, repurchased the 191,011 shares from the same employee per the employment agreement, after his resignation, resulting in a decrease of non-controlling interest from 10.94% to 5.59%. The effective shareholding of the non-controlling interest for Otoz Thai decreased to 5.60%.

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

	For the Years Ended June 30,	
	2024	2023
Net income (loss) attributable to NetSol	\$ 536,141	\$ (5,243,748)
Transfer (to) from non-controlling interest		
Increase in paid-in capital for issuance of 191,011 shares of OTOZ Inc common stock	-	120,565
Decrease in paid-in capital for purchase of 191,011 shares of OTOZ Inc common stock	-	(118,207)
Increase in paid-in capital for purchase of 2,000,000 shares of common stock of NetSol PK from Open Market	-	-
Net transfer (to) from non-controlling interest	-	2,358
Change from net income (loss) attributable to NetSol and transfer (to) from non-controlling interest	\$ 536,141	\$ (5,241,390)

STATE OF NEVADA

ROSS MILLER
Secretary of State



SCOTT W. ANDERSON
Deputy Secretary
for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Certified Copy

August 6, 2012

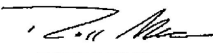
Job Number: C20120806-2447
Reference Number:
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20120544637-84	Stock Split	3 Pages/1 Copies



Respectfully,


ROSS MILLER
Secretary of State

Certified By: Richard Sifuentes
Certificate Number: C20120806-2447
You may verify this certificate
online at <http://www.nvsos.gov/>

Commercial Recording Division
202 N. Carson Street
Carson City, Nevada 89701-4069
Telephone (775) 684-5708
Fax (775) 684-7138

090301



ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

**Certificate of Change Pursuant
to NRS 78.209**

Filed in the office of Ross Miller Secretary of State State of Nevada	Document Number 20120544637-84
	Filing Date and Time 08/06/2012 2:15 PM
	Entity Number C5490-1997

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**Certificate of Change filed Pursuant to NRS 78.209
For Nevada Profit Corporations**

1. Name of corporation:
NetSol Technologies, Inc.

2. The board of directors have adopted a resolution pursuant to NRS 78.209 and have obtained any required approval of the stockholders.

3. The current number of authorized shares and the par value, if any, of each class or series, if any, of shares before the change:

145,000,000 shares of Common Stock, .001 par value
5,000,000 shares of Preferred Shares, .001 par value

4. The number of authorized shares and the par value, if any, of each class or series, if any, of shares after the change:

14,500,000 shares of Common Stock, .001 par value
5,000,000 shares of Preferred Shares, .001 par value

5. The number of shares of each affected class or series, if any, to be issued after the change in exchange for each issued share of the same class or series:

7,504,735.5 shares of Common Stock or 1:10.

6. The provisions, if any, for the issuance of fractional shares, or for the payment of money or the issuance of scrip to stockholders otherwise entitled to a fraction of a share and the percentage of outstanding shares affected thereby:

Cash for fractional shares

7. Effective date and time of filing: (optional) Date: **August 6, 2012** Time: **1:30pm (PST)**
(must not be later than 90 days after the certificate is filed)

8. Signature: (required) **Corporate Secretary**
Signature of Officer Title

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State Stock Sp8
Revised: 8-31-11

Amendment to Article Three of Articles of Incorporation

RESOLVED, that the Articles of Incorporation be, and the same hereby is, amended by deleting the current Article "3" thereof, and substituting the following:

2. "THREE: The Corporation shall be authorized to issue 19,500,000 shares of capital stock of which 14,500,000 shares shall be shares of Common stock, \$.001 par value ("Common Stock") and 5,000,000 shares shall be shares of Preferred Stock, \$.001 par value ("Preferred Stock"). The board of directors of the Corporation (the "Board of Directors") is expressly authorized to provide for the issuance of all or any shares of 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 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, 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 adjustments; all as may be stated in such resolution or resolutions."

3. The foregoing amendment was duly adopted in accordance with the provisions of Section 78.390 and 78.209 of the NRS. The total number of shares voting at our annual meeting of shareholders held on August 6th, 2012, was 64,270,938 of which 48,149,871 shares or 74.91% of the shares voted in favor of the Amendment.

4. Effective as of 5:00 P.M., pacific standard time, on the date this Certificate of Amendment to the Amended Articles of Incorporation is filed with the Secretary of State of the State of Nevada (the "Effective Time"), upon on this Effective Time, every 10 (ten) shares of the Corporation's common stock, par value \$.001 per share ("Old Common Stock"), issued and outstanding immediately prior to the Effective Time, will be automatically reclassified as and converted into one (1) share of common stock, par value \$.001, of the Corporation (the "New Common Stock").

5. Notwithstanding the immediately preceding sentence, no fractional shares of New Common Stock shall be issued to the holders of records of Old Common Stock in connection with the foregoing reclassification of shares of Old Common Stock. In lieu thereof, the

aggregate of all fractional shares shall be issued to American Stock Transfer and Trust Company, the transfer agent, as agent for the accounts, of all holders of records of Old Common Stock otherwise entitled to have a fraction of a share issued to them. The sale of all of the fractional interests will be effected by the transfer agent as soon as practicable after the Effective Time on the basis of prevailing market prices of the New Common Stock of the NASDAQ Stock Exchange at the time of sale. After such sale and upon holders of record their pro rata shares of the proceeds derived from the sale of the fractional shares.

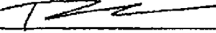
6. Each stock certificate that, immediately prior to the Effective Time, represented shares of Old Common Stock shall, from and after the Effective date automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified (as well as the right to receive cash in lieu of any fractional shares of New Common Stock as set forth above), provided, however, that each holder of record of a certificate that represented shares of Old Common Stock shall receive, upon surrender of such certificate, a new certificate representing the number of whole shares of new Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified, as well as any cash in lieu of fractional shares of New Common Stock to which such holders may be entitled pursuant to the immediately preceding paragraph.

IN WITNESS WHEREOF, NetSol Technologies, Inc. has caused this Certificate to be executed by its duly authorized officer on this 6th day of August, 2012.

Signature:


Najeeb Ghauri, CEO

Signature:


Patti McGlasson, Secretary

STATE OF NEVADA

ROSS MILLER
Secretary of State



SCOTT W. ANDERSON
Deputy Secretary
for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Certified Copy

August 6, 2012


Job Number: C20120806-2447
Reference Number:
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20120544633-40	Amendment	2 Pages/1 Copies



Respectfully,


ROSS MILLER
Secretary of State

Certified By: Richard Sifuentes
Certificate Number: C20120806-2447
You may verify this certificate
online at <http://www.nvsos.gov/>

Commercial Recording Division
202 N. Carson Street
Carson City, Nevada 89701-4069
Telephone (775) 684-5708
Fax (775) 684-7138

090201



ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Filed in the office of Ross Miller Secretary of State State of Nevada	Document Number 20120544633-40 Filing Date and Time 08/06/2012 2:15 PM Entity Number C5490-1997
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Certificate of Amendment
(PURSUANT TO NRS 78.385 AND 78.390)

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Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

NetSol Technologies, Inc.

2. The articles have been amended as follows: (provide article numbers, if available)

"THREE: The Corporation shall be authorized to issue 150,000,000 shares of capital stock of which 145,000,000 shares shall be shares of Common stock, \$.001 par value ("Common Stock") and 5,000,000 shares shall be shares of Preferred Stock, \$.001 par value ("Preferred Stock"). The board of directors of the Corporation (the "Board of Directors") is expressly authorized to provide for the issuance of all or any shares of 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 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")."

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise a least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is:

4. Effective date and time of filing: (optional) Date: Time:
(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

X

Signature of Officer

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.
This form must be accompanied by appropriate fees.

Nevada Secretary of State Amend Profit AB08
Revised: 5-31-11

Articles of Amendment of Articles of Incorporation of

NetSol Technologies, Inc.

RESOLVED, that the Articles of Incorporation be, and the same hereby is, amended by deleting the current Article "3" thereof, and substituting the following:

2. "THREE: The Corporation shall be authorized to issue 150,000,000 shares of capital stock of which 145,000,000 shares shall be shares of Common stock, \$.001 par value ("Common Stock") and 5,000,000 shares shall be shares of Preferred Stock, \$.001 par value ("Preferred Stock"). The board of directors of the Corporation (the "Board of Directors") is expressly authorized to provide for the issuance of all or any shares of 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 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, 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; (v) 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 adjustments; all as may be stated in such resolution or resolutions."

3. The foregoing amendment was duly adopted in accordance with the provisions of Section 78.390 and 78.209 of the NRS. The total number of shares voting at our annual meeting of shareholders held on August 6, 2012, was 64,270,938 of which shares 39,305,690 voted in favor of the Amendment exceeding the vote required by more than 61.2% percent.

In Witness Whereof, NetSol Technologies, Inc. has caused this Amendment to be signed by its General Counsel and Corporate Secretary on this 6th day of August, 2012.

NetSol Technologies, Inc.

By: 

Patti McGlasson, General Counsel

Corporate Secretary

STATE OF NEVADA



ROSS MILLER
Secretary of State

SCOTT W. ANDERSON
Deputy Secretary
for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Certified Copy

May 12, 2008

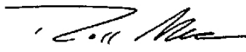
Job Number: C20080508-0037
Reference Number: 00001852438-41
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20080319143-51	Amendment	3 Pages/1 Copies



Respectfully,


ROSS MILLER
Secretary of State

By 
Certification Clerk

Commercial Recording Division
202 N. Carson Street
Carson City, Nevada 89701-4069
Telephone (775) 684-5708
Fax (775) 684-7138



ROSS MILLER
Secretary of State
204 North Carson Street, Ste 1
Carson City, Nevada 89701-4299
(775) 684-5708
Website: secretaryofstate.biz

Filed in the office of	Document Number
	20080319143-51
Ross Miller	Filing Date and Time
Secretary of State	05/07/2008 6:07 AM
State of Nevada	Entity Number
	C5490-1997

Certificate of Amendment
(PURSUANT TO NRS 78.385 AND 78.390)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

**Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations**
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

NetSol Technologies, Inc.

2. The articles have been amended as follows (provide article numbers, if available):

Section 3: The Corporation shall be authorized to issue 100,000,000 shares of capital stock, of which 95,000,000 shares shall be shares of Common Stock, \$.001 par value ("Common Stock") and 5,000,000 shares shall be shares of Preferred Stock, \$.001 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; (iv) 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

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation have voted in favor of the amendment is: 12,439,286

4. Effective date of filing (optional):

5/6/08
(must not be later than 90 days after the certificate is filed)

5. Officer Signature (Required):

X

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless of limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State AM 78.385 Amend 2007
Revised 01/01/07

**AMENDMENT OF ARTICLES OF INCORPORATION
OF
NETSOL TECHNOLOGIES, INC.**

NetSol Technologies, Inc., a corporation duly organized and existing under the General Corporation Law of the state of Nevada (the "Corporation"), does hereby certify that:

1. The Amendment to the Articles of Incorporation of the Corporation, filed with the Secretary of State of the State of Nevada on October 18, 2006, as amended, is hereby amended by adding the following paragraph:

"Section 3: The Corporation shall be authorized to issue 100,000,000 shares of capital stock, of which 95,000,000 shares shall be shares of Common Stock, \$.001 par value ("Common Stock") and 5,000,000 shares shall be shares of Preferred Stock, \$.001 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; (iv) 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."

2. The foregoing amendment 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 May 2, 2008 was 23,069,500 of which shares voted in favor of the Amendment exceeding the vote required by more than three percent.

IN WITNESS WHEREOF, NetSol Technologies, Inc. has caused this Certificate to be executed by its duly authorized officer on this 6th day of May, 2008.

Signature: 

Name: Najeeb Ghauri

Title: Chief Executive Officer

Signature: 

Name: Patti L. W. McGlasson

Title: Secretary



DEAN HELLER
 Secretary of State
 204 North Carson Street, Suite 1
 Carson City, Nevada 89701-4299
 (775) 684-8708
 Website: secretaryofstate.biz

Certificate of Amendment
 (PURSUANT TO NRS 78.385 and 78.390)

Filed in the office of <i>in</i> Dean Heller Secretary of State State of Nevada	Document Number 20060670162-80 Filing Date and Time 10/18/2006 1:51 PM Entity Number C5490-1997
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ABOVE SPACE IS FOR OFFICE USE ONLY

**Certificate of Amendment to Articles of Incorporation
 For Nevada Profit Corporations**

(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:
 NetSol Technologies, Inc.

2. The articles have been amended as follows (provide article numbers, if available):

To add the following to Section 3: "The board of directors of the Corporation (the "Board of Directors") is expressly authorized to provide for issuance of all or any shares of 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, option or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and express 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 time 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; (iv) 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 any other series of the same or any other classes of stock of the Corporation at such price or prices or at such rates of exchange or with such adjustments; all as may be stated in such resolution or resolutions."

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation have voted in favor of the amendment is: 8,905,792: 95.5% of voting shares

4. Effective date of filing (optional): _____
(must not be later than 90 days after the certificate is filed)

5. Officer Signature (required): _____


*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless of limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees

Nevada Secretary of State AM 78.385 Amend 2003
 Revised on: 09/20/05



DEAN HELLER
 Secretary of State
 204 North Carson Street, Suite 1
 Carson City, Nevada 89701-4299
 (775) 684 5708
 Website: secretaryofstate.biz

Filed in the office of <i>Dean Heller</i>	Document Number 20060675858-97
Dean Heller Secretary of State State of Nevada	Filing Date and Time 10/19/2006 9:51 AM
	Entity Number C5490-1997

Certificate of Designation
 (PURSUANT TO NRS 78.1955)

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Designation
For Nevada Profit Corporations
 (Pursuant to NRS 78.1955)

1. Name of corporation:

NetSol Technologies, Inc

2. By resolution of the board of directors pursuant to a provision in the articles of incorporation, this certificate establishes the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock:

The Series A 7% Cumulative Convertible Preferred Stock (the "Preferred Stock") are convertible into shares of common stock. The conversion value is subject to adjustment. The holders of the Preferred Stock are entitled to receive cumulative dividends at the rate of 7% per annum from the date of issuance of each share of preferred stock until paid. The dividends may be paid, at the Company's option, in cash or in shares of common stock in arrears on the first business day of each calendar quarter of each year. The Company may force a conversion of the Preferred Stock in the event that the market price of the Company's common stock is greater than 200% of the conversion value. If any shares of the Preferred Stock remain outstanding on June 15, 2009, the Company shall redeem such shares for an amount in cash equal to the liquidation preference plus all accrued but unpaid dividends. Anti-dilution protection is afforded to the holders by providing for an adjustment of the conversion price in certain circumstances. The conversion price is adjusted for dividends subdivisions, combinations, distributions and issuances of shares, or securities convertible into shares, of common stock of the Company issued at an effective per share selling price which is less than the greater of the fair market price or the conversion value as of the issuance date. The Preferred Stock bears voting rights in an amount equal to the conversion value of the preferred stock into common stock without giving effect to any anti-dilution provisions of the Preferred Stock. All terms and conditions are set forth in detail in the attached Certificate of Designation.

3. Effective date of filing (optional):

(must not be later than 90 days after the certificate is filed)

4. Officer Signature:

[Handwritten Signature]

Filing Fee: \$175.00

IMPORTANT: Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees:

**CERTIFICATE OF DESIGNATION OF THE POWERS, PREFERENCES
AND RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL
RIGHTS OF PREFERRED STOCK AND QUALIFICATIONS,
LIMITATIONS AND RESTRICTIONS THEREOF**

**of
SERIES A 7% CUMULATIVE CONVERTIBLE PREFERRED STOCK
of
NETSOL TECHNOLOGIES, INC.**

NETSOL TECHNOLOGIES, INC., a Nevada corporation (the "Corporation"), pursuant to the provisions of Sections 78.195 and 78.1955 of Chapter 78 of Nevada Revised Statutes, does hereby make this Certificate of Designations and does hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the Corporation by the Articles of Incorporation of the Corporation, the Board of Directors duly adopted the following resolutions by unanimous written consent on October 19, 2006, which resolutions remain in full force and effect as of the date hereof:

RESOLVED, that, pursuant to Article 3 of the Articles of Incorporation of the Corporation, as amended to date, the Board of Directors hereby authorizes the issuance of, and fixes the designation and preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions, of a series of preferred stock of the Corporation consisting of 5,500 shares, par value \$0.001 per share, to be designated "Series A Cumulative Convertible Preferred Stock."

RESOLVED, that all shares of Series A Cumulative Convertible Preferred Stock shall rank equally in all respects and shall be subject to the following terms and provisions:

There is hereby created out of the authorized and unissued shares of the preferred stock of the Corporation a series of preferred stock designated as the "Series A Cumulative Convertible Preferred Stock," which is hereinafter referred to as the "Convertible Preferred Stock." The number of shares constituting such series shall be 5,500.

1. **Dividends.** The holders of the Convertible Preferred Stock shall be entitled to receive, when, if and as declared by the Corporation's Board of Directors, out of funds legally available therefor, cumulative dividends payable as set forth in this Section 1.

(a) Dividends on each share of Convertible Preferred Stock shall accrue and shall be cumulative and accumulate from the date of issuance of such share (the "Date of Original Issue"), whether or not earned or declared by the Board of Directors of the Corporation, until paid. The Corporation shall declare and pay dividends on the Convertible Preferred Stock, in either cash or in shares of the Corporation's Common Stock (the "Common Stock") at the Corporation's option and subject to the terms set forth herein, as set forth below, in arrears, on first business day of each calendar quarter of each year (each, a "Dividend Payment Date"), commencing on January 2, 2007 (the "Initial Dividend Payment Date"). If the Corporation elects to pay the dividend in shares of Common Stock, the Corporation shall set aside a sufficient number of shares of Common Stock for the payment of such declared dividends and shall deliver

certificates representing such shares of Common Stock to the holders of shares of Convertible Preferred Stock as of the record date for such dividend in payment of such declared dividends within three business days after such Dividend Payment Date. Each such dividend declared by the Board of Directors on the Convertible Preferred Stock shall be paid to the holders of record of shares of the Convertible Preferred Stock as they appear on the stock register of the Corporation on the record date which shall be the business day next preceding a Dividend Payment Date. Dividends in arrears for any past dividend period may be declared by the Board of Directors of the Corporation and paid on shares of the Convertible Preferred Stock on any date fixed by the Board of Directors of the Corporation, whether or not a regular Dividend Payment Date, to holders of record of shares of the Convertible Preferred Stock as they appear on the Corporation's stock register on the record date. The record date, which shall not be greater than 5 days before such Dividend Payment Date, shall be fixed by the Board of Directors of the Corporation. Any dividend payment made on shares of the Convertible Preferred Stock shall first be credited against the dividends accumulated with respect to the earliest dividend period for which dividends have not been paid.

(b) The dividend rate (the "Dividend Rate") on each share of Convertible Preferred Stock shall be 7% per share per annum on \$1,000 (the Liquidation Preference (as hereinafter defined) of each such share) for the period from the Date of Original Issue until the Initial Dividend Payment Date and, for each dividend period thereafter, which shall commence on the last day of the preceding dividend period and shall end on the next Dividend Payment Date, shall be at the Dividend Rate (as adjusted from time to time as hereinafter provided) on such Liquidation Preference. Notwithstanding the foregoing, if at any time a Breach Event (as defined below) occurs, then the Dividend Rate shall be 18% per share per annum for each dividend period or part thereof in which a Breach Event has occurred or is outstanding. The amount of dividends per share of the Convertible Preferred Stock payable for each dividend period or part thereof (the "Dividend Value") shall be computed by multiplying the Dividend Rate for such dividend period by a fraction the numerator of which shall be the number of days in the dividend period or part thereof on which such share was outstanding and the denominator of which shall be 365 and multiplying the result by the Liquidation Preference. If a dividend is to be paid in Common Stock, the Common Stock shall be valued at 95% of the Current Market Price (as hereinafter defined) as of such Dividend Payment Date. In furtherance thereof, the Corporation shall reserve out of the authorized but unissued shares of Common Stock, solely for issuance in respect of the payment of dividends as herein described, a sufficient number of shares of Common Stock to pay such dividends, when, if and as declared by the Board of Directors of the Corporation.

"Current Market Price" means, in respect of any share of Common Stock on any date herein specified:

- (1) if there shall not then be a public market for the Common Stock, the higher of (a) the book value per share of Common Stock at such date, and (b) the Appraised Value (as hereinafter defined) per share of Common Stock at such date, or
- (2) if there shall then be a public market for the Common Stock, the average of the daily market prices for the five (5) consecutive trading days

immediately before such date. The daily market price for each such trading day shall be (i) the VWAP (as defined below) on such day on the principal stock exchange on which such Common Stock is then listed or admitted to trading, or quoted, as applicable, (ii) if no sale takes place on such day on any such exchange, the last reported closing bid price on such day as officially quoted on any such exchange, (iii) if the Common Stock is not then listed or admitted to trading on any stock exchange, the last reported closing bid price on such day in the over-the-counter market, as furnished by the National Association of Securities Dealers Automatic Quotation System or the National Quotation Bureau, Inc., (iv) if neither such corporation at the time is engaged in the business of reporting such prices, as furnished by any similar firm then engaged in such business, or (v) if there is no such firm, as furnished by any member of the National Association of Securities Dealers, Inc. (the "NASD") selected mutually by holders of a majority of the Convertible Preferred Stock and the Corporation or, if they cannot agree upon such selection, as selected by two such members of the NASD, one of which shall be selected by holders of a majority of the Convertible Preferred Stock and one of which shall be selected by the Corporation (as applicable, the "Daily Market Price").

"VWAP" shall mean the daily dollar volume-weighted average sale price for the Common Stock on the Principal Market on any particular trading day during the period beginning at 9:30 a.m., New York City Time (or such other time as such exchange or market publicly announces is the official open of trading), and ending at 4:00 p.m., New York City Time (or such other time as such exchange or market publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" functions. All such determinations of VWAP shall be appropriately and equitably adjusted in accordance with the provisions set forth herein for any stock dividend, stock split, stock combination or other similar transaction occurring during any pricing period or any period utilizing VWAPs in calculations hereunder.

"Principal Market" shall mean the Nasdaq Stock Market or such other principal market or exchange on which the Common Stock is then listed for trading.

"Appraised Value" means, in respect of any share of Common Stock on any date herein specified, the fair saleable value of such share of Common Stock (determined without giving effect to the discount for (i) a minority interest or (ii) any lack of liquidity of the Common Stock or to the fact that the Corporation may have no class of equity registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the last day of the most recent fiscal month end prior to such date specified, based on the value of the Corporation (assuming the conversion and exercise of all of the Corporation's authorized and issued capital stock), as determined by a nationally recognized investment banking firm selected by the Corporation's Board of Directors and having no prior relationship with the Corporation, and reasonably acceptable to not less than a majority in interest of the holders of the Convertible Preferred Stock then outstanding.

"Breach Event" means either:

- (i) Any breach of any warranty or representation of the Corporation as of the date made in the Convertible Note Purchase Agreement (as defined below) or any agreement delivered therewith which breach, or the facts and circumstances concerning such breach has or is reasonably likely to have a Material Adverse Effect (as defined in the Convertible Note Purchase Agreement); or
- (ii) Any breach by the Corporation of any material covenant or obligation under the Convertible Note Purchase Agreement or any agreement delivered therewith (including without limitation this Certificate of Designation and the Related Agreements, as defined in the Convertible Note Purchase Agreement), and which breach, if capable of being cured, has not been cured within ten (10) days after notice of such breach has been given by the holders of a majority of Convertible Preferred Stock to the Corporation (the "Breach Cure Period").
- (c) Except as hereinafter provided, no dividends shall be declared or paid or set apart for payment on the shares of Common Stock or any other class or series of capital stock of the Corporation for any dividend period unless full cumulative dividends have been or contemporaneously are declared and paid on the Convertible Preferred Stock through the most recent Dividend Payment Date. If full cumulative dividends have not been paid on shares of the Convertible Preferred Stock, all dividends declared on shares of the Convertible Preferred Stock shall be paid pro rata to the holders of outstanding shares of the Convertible Preferred Stock.
- (d) Dividends on the Convertible Preferred Stock may be paid even if, after giving effect thereto, the Corporation's total assets would be less than the sum of its total liabilities, plus the amount that would be needed, if the Corporation were to be dissolved at the time of such distribution, to satisfy the preferential rights upon dissolution of stockholders, if any, whose preferential rights are superior to those receiving the distribution.
- (e) The holders of the Convertible Preferred Stock shall each be entitled to receive dividends, on a pari passu basis with the holders of shares of Common Stock, out of any assets legally available therefor, with the amount of such dividends to be distributed to the holders of Convertible Preferred Stock computed on the basis of the number of shares of Common Stock which would be held by such holder if, immediately prior to the declaration of the dividend, all of the shares of Convertible Preferred Stock had been converted into shares of Common Stock at the then current Conversion Value (as hereinafter defined).
- (f) Limitation on Stock Dividends. Notwithstanding anything to the contrary contained herein, the Corporation may not pay dividends hereunder in shares of Common Stock (and must deliver cash in respect thereof) unless as of the Dividend Payment Date (i) the resale of all Registrable Securities (as defined in the Investor Rights Agreement entered into pursuant to the Convertible Note Purchase Agreement, the "Investor Rights Agreement") is covered by an effective registration statement in accordance with the terms of the Investor Rights Agreement which registration statement is not subject to any suspension or stop orders; (ii) the resale of such Registrable Securities may be effected pursuant to a current and deliverable prospectus that is not subject at the time to any blackout or similar circumstance; (iii) such Registrable Securities are listed, or approved for listing prior to issuance, on the Nasdaq Stock Market, the New York Stock Exchange or the American Stock Exchange, and are not subject to any trading suspension

(nor shall trading generally have been suspended on such exchange or market), and the Corporation shall not have been notified of any pending or threatened proceeding or other action to delist or suspend the Common Stock on any of such markets on which the Common Stock is then traded or listed; (iv) the requisite number of shares of Common Stock shall have been duly authorized and reserved for issuance as required by the terms of the Convertible Note Purchase Agreement and this Certificate of Designation; (v) the Current Market Price is not less than \$1.00 (as appropriately and equitably adjusted for stock splits, stock dividends and similar events); (vi) none of the Corporation or any direct or indirect subsidiary of the Corporation shall be subject to any bankruptcy, insolvency or similar proceeding; (vii) the Corporation has paid all prior dividend payments when due hereunder; (viii) such issuance would not cause the ownership or issuance limitations contained in Section 5(h) below to be violated; and (ix) the Corporation has delivered to all holders of Convertible Preferred Stock written notice of its election to pay such dividend in Common Stock at least five (5) but no more than thirty (30) trading days prior to the applicable Dividend Payment Date. All holders of Convertible Preferred Stock shall be treated proportionately with respect to payment of dividends in cash or Common Stock.

2. Voting Rights. Except as otherwise provided herein or by law, the holders of the Convertible Preferred Stock shall have full voting rights and powers, subject to the Beneficial Ownership Cap as defined in Section 5(h), equal to the voting rights and powers of holders of Common Stock and shall be entitled to notice of any stockholders meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote, with respect to any question upon which holders of Common Stock have the right to vote, including, without limitation, the right to vote for the election of directors, voting together with the holders of Common Stock as one class. To the extent permitted under the applicable rules of the applicable exchange or market on which the Common Stock is listed or quoted, each holder of shares of Convertible Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Convertible Preferred Stock could be converted on the record date for the taking of a vote (subject to the Beneficial Ownership Cap limitations set forth in Section 5(h) and provided that solely for such voting purposes the conversion price shall be deemed to be the greater of the Conversion Value then in effect and the closing bid price of the Common Stock on the Nasdaq Stock Market immediately preceding the Closing Date) or, if no record date is established, at the day prior to the date such vote is taken or any written consent of stockholders is first executed. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Convertible Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

3. Rights on Liquidation; Rank.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation (any such event being hereinafter referred to as a "Liquidation"), before any distribution of assets of the Corporation shall be made to or set apart for the holders of Common Stock, the holders of Convertible Preferred Stock shall be entitled to receive payment out of such assets of the Corporation in an amount equal to \$1,000 per share of Convertible Preferred Stock (such applicable amount being referred to as the "Liquidation

Preference" for the Convertible Preferred Stock), plus any accumulated and unpaid dividends thereon (whether or not earned or declared) on the Convertible Preferred Stock. If the assets of the Corporation available for distribution to the holders of Convertible Preferred Stock shall not be sufficient to make in full the payment herein required, such assets shall be distributed pro-rata among the holders of Convertible Preferred Stock based on the aggregate Liquidation Preferences of the shares of Convertible Preferred Stock held by each such holder.

(b) If the assets of the Corporation available for distribution to stockholders exceed the aggregate amount of the Liquidation Preferences payable with respect to all shares of Convertible Preferred Stock then outstanding, then, after the payment required by paragraph 3(a) above shall have been made or irrevocably set aside, the holders of Common Stock shall be entitled to receive with respect to each share of Common Stock payment of a pro rata portion of such assets based on the aggregate number of shares of Common Stock held by each such holder. The holders of the Convertible Preferred Stock shall participate in such a distribution on a pro-rata basis with the holders of the Common Stock, with the amount distributable to the holders of Convertible Preferred Stock to be computed on the basis of the number of shares of Common Stock which would be held by them if immediately prior to the Liquidation all of the outstanding shares of Convertible Preferred Stock had been converted into shares of Common Stock at the then current Conversion Value.

(c) A Change of Control (as defined below) of the Corporation shall not be deemed a Liquidation, but shall instead be governed by the terms of Section 7 below.

(d) The Convertible Preferred Stock shall rank senior to all classes and series of Common Stock and existing preferred stock and to each other class or series of preferred stock established hereafter by the Board of Directors of the Corporation, with respect to dividend rights, redemption rights, rights on liquidation, winding-up and dissolution and all other rights in any manner, whether voluntary or involuntary. So long as any shares of Convertible Preferred Stock are outstanding, the Corporation shall not issue or reissue any shares of existing authorized classes or series of preferred stock.

4. Actions Requiring the Consent of Holders of Convertible Preferred Stock. As long as any shares of Convertible Preferred Stock are outstanding, the consent of the holders of at least 75% of the shares of Convertible Preferred Stock at the time outstanding, given in accordance with the Articles of Incorporation and Bylaws of the Corporation, as amended, shall be necessary for effecting or validating any of the following transactions or acts:

(a) Any amendment, alteration or repeal of any of the provisions of this Certificate of Designation (whether by merger, consolidation or otherwise);

(b) Any amendment, alteration or repeal of the Articles of Incorporation of the Corporation that will adversely affect the rights of the holders of the Convertible Preferred Stock (whether by merger, consolidation or otherwise);

(c) The authorization or creation by the Corporation of, or the increase in the number of authorized shares of, any stock of any class, or any security convertible into stock of any class, or the authorization or creation of any new class of preferred stock (or any action

which would result in another series of preferred stock), ranking in terms of liquidation preference, conversion rights, redemption rights or dividend rights, *pari passu* with or senior to, the Convertible Preferred Stock in any manner;

(d) The redemption, purchase or other acquisition, directly or indirectly, of any shares of capital stock of the Corporation or any of its subsidiaries or any option, warrant or other right to purchase or acquire any such shares, or any other security, other than (A) the redemption of Convertible Preferred Stock pursuant to the terms hereof, or (B) the repayment or prepayment of any indebtedness in the ordinary course of business; and

(e) The declaration or payment of any dividend or other distribution (whether in cash, stock or other property) with respect to the capital stock of the Corporation or any subsidiary, other than a dividend or other distribution pursuant to the terms of the Convertible Preferred Stock.

5. Conversion.

(a) Right to Convert. Subject to the limitation set forth in Section 5(h) hereof, the holder of any share or shares of Convertible Preferred Stock shall have the right at any time and from time to time, at such holder's option, to convert all or any lesser portion of such holder's shares of Convertible Preferred Stock into such number of duly authorized, validly issued, fully paid and non-assessable shares of Common Stock, free and clear of all encumbrances, restrictions and legends (provided a Registration Statement is declared effective), as is determined by dividing (i) the aggregate Liquidation Preference of the shares of Convertible Preferred Stock to be converted plus accrued and unpaid dividends thereon by (ii) the Conversion Value (as defined below) then in effect for such Convertible Preferred Stock. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of any Convertible Preferred Stock. With respect to any fraction of a share of Common Stock called for upon any conversion, the Corporation shall pay to the holder an amount in cash equal to such fraction multiplied by the Current Market Price per share of the Common Stock.

(b) Forced Conversion. Subject to the terms hereof, if at any time the Current Market Price is greater than 200% of the Conversion Value for any fifteen (15) consecutive trading days (a "Pricing Period"), then the Corporation shall have the right to compel each holder of Convertible Preferred Stock to convert any or all of the Convertible Preferred Stock then held by such holder by delivering a written notice ("Forced Conversion Notice") to each such Holder; *provided that* (1) such Forced Conversion Notice must specify the number of shares of Convertible Preferred Stock to be converted by such holder and the date by which such holder must have completed conversion(s) of Convertible Preferred Stock aggregating to such amount ("Forced Conversion Date"), which date shall be at least 10 trading days after such holder's receipt of such Forced Conversion Notice (a "Notice Period"), (2) the Corporation may deliver such Forced Conversion Notice(s) hereunder only within five (5) trading days following the occurrence of such Pricing Period and not prior to the completion of such Pricing Period, and (3) all holders of Convertible Preferred Stock shall be treated proportionately with respect to the Corporation's election to force conversion hereunder. Such forced conversion shall be subject to and governed by all the provisions relating to voluntary conversion of Convertible Preferred Stock contained herein. Notwithstanding anything contained herein, the Corporation shall not be

entitled to exercise any forced conversion right set forth in this subsection 5(b) unless at all times during the applicable Pricing Period and Notice Period (i) the resale of all Registrable Securities (as defined in the Investor Rights Agreement) is covered by an effective registration statement in accordance with the terms of the Investor Rights Agreement which registration statement is not subject to any suspension or stop orders; (ii) the resale of such Registrable Securities may be effected pursuant to a current and deliverable prospectus that is not subject at the time to any blackout or similar circumstance; (iii) such Registrable Securities are listed, or approved for listing prior to issuance, on the Nasdaq Stock Market, the New York Stock Exchange or the American Stock Exchange, and are not subject to any trading suspension (nor shall trading generally have been suspended on such exchange or market), and the Corporation shall not have been notified of any pending or threatened proceeding or other action to delist or suspend the Common Stock on any of such markets on which the Common Stock is then traded or listed; (iv) the requisite number of shares of Common Stock has been duly authorized and reserved for issuance as required by the terms of the Convertible Note Purchase Agreement; (v) the closing bid price per share of Common Stock on the Principal Market is greater than \$1.00; (vi) none of the Corporation or any direct or indirect subsidiary of the Corporation shall be subject to any bankruptcy, insolvency or similar proceeding; (vii) the Corporation has paid all prior dividend payments due hereunder; and (viii) such issuance would not cause the ownership or share issuance limitations contained in Section 5(h) below to be violated.

(c) Mechanics of Conversion.

(i) The right of conversion hereunder shall be exercised by the holder of shares of Convertible Preferred Stock by delivering to the Corporation a conversion notice in the form attached hereto as Exhibit A (the "Conversion Notice"), appropriately completed and duly signed and specifying the number of shares of Convertible Preferred Stock that the holder elects to convert (the "Converting Shares") into shares of Common Stock. Promptly after the receipt of the Conversion Notice, the Corporation shall issue and deliver or transmit, or cause to be delivered or transmitted, to the holder of the Converting Shares or such holder's nominee, such number of shares of Common Stock issuable upon the conversion of such Converting Shares. Such conversion shall be deemed to have been effected as of the close of business on the date of receipt by the Corporation of the Conversion Notice (the "Conversion Date"), and the person or persons entitled to receive the shares of Common Stock issuable upon conversion shall be treated for all purposes as the holder or holders of record of such shares of Common Stock as of the close of business on the Conversion Date.

(ii) The Corporation shall effect such issuance of Common Stock (and certificates for unconverted Convertible Preferred Stock) within three (3) trading days of the Conversion Date and shall electronically transmit the Common Stock issuable upon conversion to the holder, or Common Stock in payment of dividends hereunder, by crediting the account of the holder's prime broker with Depository Trust Company ("DTC") through its Deposit Withdrawal Agent Commission ("DWAC") system using the Fast Automated Securities Transfer ("FAST") program. The parties agree to coordinate with DTC to accomplish this objective. If such Common Shares are not received by the holder within five (5) trading days of the Conversion Notice, then the holder will be entitled to revoke and withdraw its Conversion Notice, in whole or in part,

at any time prior to its receipt of those Common Shares. In lieu of such electronic delivery through DWAC, the Corporation shall deliver physical certificates representing the Common Stock issuable upon conversion of Converting Shares to the extent requested by the holder or required by law. The time periods for delivery of physical certificates evidencing the Converting Shares, or Common Stock in payment of dividends hereunder, are the same as those described above. The person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Shares at the close of business on the Conversion Date. If the conversion has not been rescinded in accordance with this paragraph and the Corporation fails to deliver to the holder such certificate or certificates or shares through DTC pursuant to this Section 5 (free of any restrictions on transfer or legends, if such shares have been registered) in accordance herewith, prior to the seventh trading day after the Conversion Date (assuming timely surrender of the Convertible Preferred Stock certificates), the Corporation shall pay to such holder, in cash, on a per diem basis, an amount equal to 1% of the Liquidation Preference of all Convertible Preferred Stock held by such holder per month until such delivery takes place.

The Corporation's obligation to issue Common Stock upon conversion of Convertible Preferred Stock shall be absolute, is independent of any covenant of any holder of Convertible Preferred Stock, and shall not be subject to: (i) any offset or defense; or (ii) any claims against the holders of Convertible Preferred Stock whether pursuant to this Certificate of Designation, that certain Preferred Stock and Warrant Purchase Agreement entered into among the Corporation and the purchasers of the Convertible Preferred Stock on the Date of Original Issue (the "Convertible Note Purchase Agreement"), the Investor Rights Agreement, the Warrants (as defined in the Convertible Note Purchase Agreement) or otherwise.

(iii) *Book-Entry.* Notwithstanding anything to the contrary set forth herein, upon conversion of any shares of Convertible Preferred Stock in accordance with the terms hereof, the holder thereof shall not be required to physically surrender such holder's certificates for Convertible Preferred Stock to the Corporation unless such holder is converting all of the Convertible Preferred Stock then held by such holder. The holders of Convertible Preferred Stock and the Corporation shall maintain records showing the number of shares of Convertible Preferred Stock so converted hereunder, the number of shares of Common Stock received upon conversion and the dates of such conversions, or shall use such other method, reasonably satisfactory to the holders and the Corporation, so as not to require physical surrender of certificates for Convertible Preferred Stock upon each such conversion.

(d) Mandatory Redemption at Maturity.

(i) If any shares of Convertible Preferred Stock remain outstanding on the June 15, 2009 ("Maturity Date"), the Corporation shall redeem such shares of Convertible Preferred Stock for an amount in cash per Preferred Share (the "Maturity Date Redemption Price") equal to the Liquidation Preference plus all accrued but unpaid dividends hereon by wire transfer of immediately available funds to an account designated in writing by the holder of such shares of Convertible Preferred Stock.

(ii) If the Corporation fails to redeem all of the shares of Convertible Preferred Stock outstanding on the Maturity Date by payment of the Maturity Date Redemption Price for each such Preferred Share, then in addition to any remedy such holder(s) may have hereunder, under the Convertible Note Purchase Agreement or any of the related agreements, (I) the applicable Maturity Date Redemption Price payable in respect of such unredeemed shares of Convertible Preferred Stock shall bear interest at the rate of 1.5% per month, prorated for partial months, until paid in full, and (II) any holder of shares of Convertible Preferred Stock shall have the option to require the Corporation to convert any or all of such holder's shares of Convertible Preferred Stock for which the Maturity Date Redemption Price (together with any interest thereon) has not been paid into shares of Common Stock equal to the number which results from dividing the Maturity Date Redemption Price (together with any interest thereon) by 90% of the Conversion Value.

(e) Conversion Prices.

(i) The initial Conversion Value for the Convertible Preferred Stock shall be \$1.55, such Conversion Value to be subject to adjustment in accordance with the provisions of this Section 5 (and such adjustments shall apply for dividends, subdivisions, combinations, distributions and securities issuances occurring after June 15, 2006 even if this Certificate of Designation is filed after the occurrence of such dividends, subdivisions, combinations, distributions or securities issuances). Such conversion value in effect from time to time, as adjusted pursuant to this Section 5, is referred to herein as a "Conversion Value." All of the remaining provisions of this Section 5 shall apply separately to each Conversion Value in effect from time to time with respect to Convertible Preferred Stock.

(f) Stock Dividends, Subdivisions and Combinations. If at any time while the Convertible Preferred Stock is outstanding, the Corporation shall:

- (i) cause the holders of its Common Stock to be entitled to receive a dividend payable in, or other distribution of, additional shares of Common Stock,
- (ii) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, or
- (iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock,

then in each such case the Conversion Value shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clauses (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment

under this paragraph occurs during the period that a Conversion Value is calculated hereunder, then the calculation of such Conversion Value shall be adjusted appropriately to reflect such event.

(g) Certain Other Distributions. If at any time while the Convertible Preferred Stock is outstanding the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to receive any dividend or other distribution of:

- (i) cash,
- (ii) any evidences of its indebtedness, any shares of stock of any class or any other securities or property or assets of any nature whatsoever (other than cash or additional shares of Common Stock as provided in Section 5(f) hereof), or
- (iii) any warrants or other rights to subscribe for or purchase any evidences of its indebtedness, any shares of stock of any class or any other securities or property or assets of any nature whatsoever (in each case set forth in subparagraphs 5(g)(i), 5(g)(ii) and 5(g)(iii) hereof, the "Distributed Property").

then upon any conversion of Convertible Preferred Stock that occurs after such record date, the holder of Convertible Preferred Stock shall be entitled to receive, in addition to the Conversion Shares otherwise issuable upon such conversion, the Distributed Property that such holder would have been entitled to receive in respect of such number of Conversion Shares had the holder been the record holder of such Conversion Shares as of such record date. Such distribution shall be made whenever any such conversion is made. In the event that the Distributed Property consists of property other than cash, then the fair value of such Distributed Property shall be as reasonably determined in good faith by the Board of Directors of the Corporation and set forth in reasonable detail in a written valuation report (the "Valuation Report") prepared by the Board of Directors. The Corporation shall give written notice of such determination and a copy of the Valuation Report to all holders of Convertible Preferred Stock, and if the holders of a majority of the outstanding Convertible Preferred Stock object to such determination within twenty (20) business days following the date such notice is given to all of the holders of Convertible Preferred Stock, the Corporation shall submit such valuation to an investment banking firm of recognized national standing selected by not less than a majority of the holders of the Convertible Preferred Stock and acceptable to the Corporation in its reasonable discretion, whose opinion shall be binding upon the Corporation and the Convertible Preferred Stock holders. A reclassification of the Common Stock (other than a change in par value, or from par value to no par value or from no par value to par value) into shares of Common Stock and shares of any other class of stock shall be deemed a distribution by the Corporation to the holders of its Common Stock of such shares of such other class of stock within the meaning of this Section 5(g) and, if the outstanding shares of Common Stock shall be changed into a larger or smaller number of shares of Common Stock as a part of such reclassification, such change shall be deemed a subdivision or combination, as the case may be, of the outstanding shares of Common Stock within the meaning of Section 5(f).

(h) Blocking Provision.

(i) Notwithstanding anything herein to the contrary, except as provided otherwise in this Section 5(h)(i), the number of Conversion Shares that may be acquired by any holder, and the number of shares of Convertible Preferred Stock that shall be entitled to voting rights under Section 2 hereof, shall be limited to the extent necessary to insure that, following such conversion (or deemed conversion for voting purposes), the number of shares of Common Stock then beneficially owned by such holder and its Affiliates and any other persons or entities whose beneficial ownership of Common Stock would be aggregated with the holder's for purposes of Section 13(d) of the Exchange Act (including shares held by any "group" of which the holder is a member, but excluding shares beneficially owned by virtue of the ownership of securities or rights to acquire securities that have limitations on the right to convert, exercise or purchase similar to the limitation set forth herein), does not exceed 9.9% of the total number of shares of Common Stock of the Corporation then issued and outstanding (the "Beneficial Ownership Cap"). For purposes hereof, "group" has the meaning set forth in Section 13(d) of the Exchange Act and applicable regulations of the Securities and Exchange Commission, and the percentage held by the holder shall be determined in a manner consistent with the provisions of Section 13(d) of the Exchange Act. As used herein, the term "Affiliate" means any person or entity that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a person or entity, as such terms are used in and construed under Rule 144 under the Securities Act. With respect to a holder of Convertible Preferred Stock, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such holder will be deemed to be an Affiliate of such holder. Each delivery of a Conversion Notice by a holder of Convertible Preferred Stock will constitute a representation by such Holder that it has evaluated the limitation set forth in this paragraph and determined, subject to the accuracy of information filed under the Securities Act and the Exchange Act by the Corporation with respect to the outstanding Common Stock of the Corporation, that the issuance of the full number of shares of Common Stock requested in such Conversion Notice is permitted under this paragraph. This paragraph shall be construed and administered in such manner as shall be consistent with the intent of the first sentence of this paragraph. Any provision hereof which would require a result that is not consistent with such intent shall be deemed severed herefrom and of no force or effect with respect to the conversion contemplated by a particular Conversion Notice.

(ii) Notwithstanding the foregoing provisions of Section 5(h), (A) any holder of Convertible Preferred Stock shall have the right prior to the Date of Original Issue upon written notice to the Corporation, or after the Date of Original Issue upon 61 days prior written notice to the Corporation, to choose not to be governed by the Beneficial Ownership Cap provided herein, and (B) any holder of Convertible Preferred Stock shall have the right, prior to or after the Date of Original Issue upon written notice to the Corporation, to reduce its Beneficial Ownership Cap to 4.9%.

(i) Common Stock Reserved. The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Stock, solely for issuance upon the

conversion of shares of Convertible Preferred Stock as herein provided, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of Convertible Preferred Stock at the time outstanding (without regard to any ownership limitations provided in Section 5(h)).

(j) Securities Issuances. In the event that the Corporation or any of its subsidiaries (A) issues or sells any Common Stock or convertible securities, warrants, options or other rights to subscribe for or to purchase or exchange for, shares of Common Stock ("Convertible Securities") or (B) directly or indirectly effectively reduces the conversion, exercise or exchange price for any Convertible Securities which are currently outstanding, at or to an effective Per Share Selling Price (as defined below) which is less than the greater of (1) the closing sale price per share of the Common Stock on the principal market on which the Common Stock is traded the Trading Day next preceding such issue or sale or, in the case of issuances to holders of its Common Stock, the date fixed for the determination of stockholders entitled to receive such warrants, rights, or options ("Fair Market Price"), or (11) the Conversion Value, then in each such case the Conversion Value in effect immediately prior to such issue or sale or record date, as applicable, shall be automatically reduced effective concurrently with such issue or sale to an amount determined by multiplying the Conversion Value then in effect by a fraction, (x) the numerator of which shall be the sum of (1) the number of shares of Common Stock outstanding immediately prior to such issue or sale, plus (2) the number of shares of Common Stock which the aggregate consideration received by the Corporation for such additional shares would purchase at such Fair Market Price or Conversion Value, as the case may be, and (y) the denominator of which shall be the number of shares of Common Stock of the Corporation outstanding immediately after such issue or sale. The foregoing provision shall not apply to any issuances or sales of Common Stock or Convertible Securities (i) pursuant to any Convertible Securities currently outstanding on the date hereof in accordance with the terms of such Convertible Securities in effect on the date hereof, or (ii) to any officer, director or employee of the Corporation pursuant to a bona fide option or equity incentive plan duly adopted by the Corporation. The Corporation shall give to the each holder of Convertible Preferred Stock written notice of any such sale of Common Stock within 24 hours of the closing of any such sale and shall within such 24 hour period issue a press release announcing such sale if such sale is a material event for, or otherwise material to, the Corporation.

For the purposes of the foregoing adjustments, in the case of the issuance of any Convertible Securities, the maximum number of shares of Common Stock issuable upon exercise, exchange or conversion of such Convertible Securities shall be deemed to be outstanding.

For purposes of this Section 5(j), if an event occurs that triggers more than one of the above adjustment provisions, then only one adjustment shall be made and the calculation method which yields the greatest downward adjustment in the Conversion Value shall be used.

"Per Share Selling Price" shall include the amount actually paid by third parties for each share of Common Stock in a sale or issuance by the Corporation. In the event a fee is paid by the Corporation in connection with such transaction directly or indirectly to such third party or its affiliates, any such fee shall be deducted from the selling price pro rata to all shares sold in the transaction to arrive at the Per Share Selling Price. A sale of shares of Common Stock shall

include the sale or issuance of Convertible Securities, and in such circumstances the Per Share Selling Price of the Common Stock covered thereby shall also include the exercise, exchange or conversion price thereof (in addition to the consideration received by the Corporation upon such sale or issuance less the fee amount as provided above). In case of any such security issued in a transaction in which the purchase price or the conversion, exchange or exercise price is directly or indirectly subject to adjustment or reset based on a future date, future trading prices of the Common Stock, specified or contingent events directly or indirectly related to the business of the Corporation or the market for the Common Stock, or otherwise (but excluding standard stock split anti-dilution provisions or weighted-average anti-dilution provisions similar to that set forth herein, provided that any actual reduction of such price under any such security pursuant to such weighted-average anti-dilution provision shall be included and cause an adjustment hereunder), the Per Share Selling Price shall be deemed to be the lowest conversion, exchange, exercise or reset price at which such securities are converted, exchanged, exercised or reset or might have been converted, exchanged, exercised or reset, or the lowest adjustment, as the case may be, over the life of such securities. If shares are issued for a consideration other than cash, the Per Share Selling Price shall be the fair value of such consideration as determined in good faith by independent certified public accountants mutually acceptable to the Corporation and the Holder. In the event the Corporation directly or indirectly effectively reduces the conversion, exercise or exchange price for any Convertible Securities which are currently outstanding, then the Per Share Selling Price shall equal such effectively reduced conversion, exercise or exchange price.

6. Other Provisions Applicable to Adjustments. The following provisions shall be applicable to the making of adjustments of the number of shares of Common Stock into which the Convertible Preferred Stock is convertible and the current Conversion Value provided for in Section 5:

(a) When Adjustments to Be Made. The adjustments required by Section 5 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that any adjustment to the Conversion Value that would otherwise be required may be postponed (except in the case of a subdivision or combination of shares of the Common Stock, as provided for in Section 5(f)) up to, but not beyond the Conversion Date if such adjustment either by itself or with other adjustments not previously made adds or subtracts less than 1% of the shares of Common Stock into which the Convertible Preferred Stock is convertible immediately prior to the making of such adjustment. Any adjustment representing a change of less than such minimum amount (except as aforesaid) which is postponed shall be carried forward and made as soon as such adjustment, together with other adjustments required by Section 5 and not previously made, would result in a minimum adjustment or on the Conversion Date. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(b) Fractional Interests. In computing adjustments under Section 5, fractional interests in Common Stock shall be taken into account to the nearest 1/100th of a share.

(c) When Adjustment Not Required. If the Corporation undertakes a transaction contemplated under Section 5(g) and as a result takes a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights or other benefits contemplated under Section 5(g) and shall,

thereafter and before the distribution to stockholders thereof, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights or other benefits contemplated under Section 5(g); then thereafter no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

(d) Escrow of Stock. If after any property becomes distributable pursuant to Section 5 by reason of the taking of any record of the holders of Common Stock, but prior to the occurrence of the event for which such record is taken, a holder of the Convertible Preferred Stock either converts the Convertible Preferred Stock or there is a mandatory conversion during such period or such holder is unable to convert shares pursuant to Section 5(h), such holder of Convertible Preferred Stock shall continue to be entitled to receive any shares of Common Stock issuable upon conversion under Section 5 by reason of such adjustment (as if such Convertible Preferred Stock were not yet converted) and such shares or other property shall be held in escrow for the holder of the Convertible Preferred Stock by the Corporation to be issued to holder of the Convertible Preferred Stock upon and to the extent that the event actually takes place. Notwithstanding any other provision to the contrary herein, if the event for which such record was taken fails to occur or is rescinded, then such escrowed shares shall be canceled by the Corporation and escrowed property returned to the Corporation.

7. Merger, Consolidation or Disposition of Assets.

(a) If, after the Date of Original Issue and while the Convertible Preferred Stock is outstanding, there occurs: (i) an acquisition by an individual or legal entity or group (as set forth in Section 13(d) of the Exchange Act) of more than one-half of the voting rights or equity interests in the Corporation and such acquisition is approved by the Corporation's Board of Directors; or (ii) a merger or consolidation of the Corporation or a sale, transfer or other disposition of all or substantially all the Corporation's property, assets or business to another corporation where the holders of the Corporation's voting securities prior to such transaction fail to continue to hold at least 50% of the voting power of the Corporation and such transaction is approved by the Corporation's Board of Directors (each, a "Change of Control"), then the successor or acquiring corporation (if other than the Corporation) shall expressly assume the due and punctual observance and performance of each and every covenant and condition contained in this Certificate of Designation to be performed and observed by the Corporation and all the obligations and liabilities hereunder, with such modifications and adjustments as equitable and appropriate in order to place the holders of Convertible Preferred Stock in the equivalent economic position as prior to such Change in Control.

(b) In case of any such Change of Control, each holder of Convertible Preferred Stock shall have the right thereafter to, at its option, (A) convert any or all of the shares of Convertible Preferred Stock held by such holder into shares of common stock of the successor or acquiring corporation, and the holder shall be entitled upon such event to receive such amount of securities, cash or property as the shares of the Common Stock of the Corporation into which such holder's Convertible Preferred Stock could have been converted immediately prior to such Change of Control would have been entitled if such conversion were effected immediately prior to Change of Control, subject to such further applicable adjustments set forth in this Certificate of Designation, or (B) require the Corporation or its successor to redeem such holder's

Convertible Preferred Stock, in whole or in part, at a redemption price equal to 125% of the Liquidation Preference of such shares of Convertible Preferred Stock being redeemed.

(c) In case of any such Change of Control, without in any way limiting the terms and conditions of the Investor Rights Agreement, the Company agrees to use its best efforts to minimize the length of any Blackout Period (as defined in the Investor Rights Agreement) associated with such Change of Control.

(d) The foregoing provisions of this Section 7 shall similarly apply to successive Change of Control transactions. The provisions of this Section 7 shall be inapplicable in the event that the Convertible Preferred Stock is subject to mandatory conversion under Section 5 or redemption under Section 13.

8. Other Action Affecting Common Stock. In case at any time or from time to time the Corporation shall take any action in respect of its Common Stock, other than the payment of dividends permitted by Section 5 or any other action described in Section 5, then, unless such action will not have a materially adverse effect upon the rights of the holder of Convertible Preferred Stock, the number of shares of Common Stock or other stock into which the Convertible Preferred Stock is convertible exercisable and/or the purchase price thereof shall be adjusted in such manner as may be equitable in the circumstances.

9. Certain Limitations. Notwithstanding anything herein to the contrary, the Corporation agrees not to enter into any transaction which, by reason of any adjustment hereunder, would cause the current Conversion Value to be less than the par value per share of Common Stock.

10. Participation Rights.

(a) Subject to the terms and conditions specified in this Section 10, at any time while the Convertible Preferred Stock is outstanding, the holders of shares of Convertible Preferred Stock shall have a right to participate with respect to the issuance or possible issuance by the Corporation of any future equity or equity-linked securities or debt which is convertible into equity or in which there is an equity component (as the case may be, "Additional Securities") on the same terms and conditions as offered by the Corporation to the other purchasers of such Additional Securities. Each time the Corporation proposes to offer any Additional Securities, the Corporation shall make an offering of such Additional Securities to each holder of shares of Convertible Preferred Stock in accordance with the following provisions:

(i) The Corporation shall deliver a notice (the "Issuance Notice") to the holders of shares of Convertible Preferred Stock stating (a) its bona fide intention to offer such Additional Securities, (b) the number of such Additional Securities to be offered, (c) the price and terms, if any, upon which it proposes to offer such Additional Securities, and (d) the anticipated closing date of the sale of such Additional Securities.

(ii) By written notification received by the Corporation, within ten (10) days after giving of the Issuance Notice, each holder of shares of Convertible Preferred Stock may elect to purchase or obtain, at the price and on the terms specified in the Issuance Notice, up to that number of such Additional Securities which equals such holder's Participation Amount for the same consideration and on the same terms and conditions as such third-party sale, where the "Participation Amount" for each holder shall equal (a) 50% of the aggregate amount of such Additional Securities issued or to be issued to investors in such offering prior to the exercise of the participation rights contemplated by this Section 10 (such aggregate amount, the "Subsequent Offering Amount"), multiplied by (b) a fraction, the numerator of which equals the number of shares of Convertible Preferred Stock then held by such holder and the denominator of which equals the aggregate number of shares of Convertible Preferred Stock purchased or exchanged by all Purchasers pursuant to the Convertible Note Purchase Agreement. The Corporation shall promptly, in writing, inform each holder of shares of Convertible Preferred Stock which elects to purchase all of the Additional Shares available to it ("Fully-Exercising Holder") of any other holder's failure to do likewise. During the five-day period commencing after such information is given, each Fully-Exercising Holder shall be entitled to obtain that portion of the Additional Securities for which the holders of shares of Convertible Preferred Stock were entitled to subscribe but which were not subscribed for by such holders which is equal to the proportion that the number of shares of Convertible Preferred Stock held by such Fully-Exercising Holder bears to the total number of shares of Common Stock held by all Fully-Exercising Holders who wish to purchase some of the unsubscribed shares.

(iii) The Corporation may, during the 75-day period following the expiration of the 10-day and 5-day periods referenced in Section 10(a)(ii) above, offer up to the Subsequent Offering Amount of such Additional Securities to any person or persons at a price not less than, and upon terms no more favorable to the offeror than, those specified in the Issuance Notice. If the Corporation does not consummate the sale of such Additional Securities within such period, the right provided hereunder shall be deemed to be revived and such Additional Securities shall not be offered or sold unless the Participation Amount is again first reoffered to the holders of shares of Convertible Preferred Stock in accordance herewith.

(b) Notwithstanding anything contained herein, no holder of Convertible Preferred Stock shall have the right to purchase Additional Securities hereunder to the extent same would cause such holder to exceed the Beneficial Ownership Cap.

11. Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Value, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Convertible Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Convertible

Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Value at the time in effect for the Convertible Preferred Stock and (iii) the number of shares of Common Stock and the amount, if any, or other property which at the time would be received upon the conversion of Convertible Preferred Stock owned by such holder (without regard to the ownership limitations set forth in Section 5(h)).

12. Notices of Record Date. In the event of any fixing by the Corporation of a record date for the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any shares of Common Stock or other securities, or any right to subscribe for, purchase or otherwise acquire, or any option for the purchase of, any shares of stock of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Convertible Preferred Stock at least twenty (20) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or rights, and the amount and character of such dividend, distribution or right.

13. Redemption.

(a) Redemption Triggering Event. If a Redemption Triggering Event (as defined below) has occurred, and a holder has so elected, the Corporation shall redeem the Convertible Preferred Stock of any holder who gives a Demand for Redemption (as defined below). The Corporation shall, promptly thereafter, redeem the shares of Convertible Preferred Stock as set forth in the Demand for Redemption. The Corporation shall effect such redemption on the Redemption Date by paying in cash for each such share to be redeemed an amount equal to the greater of (i) the Redemption Price (as defined below) or (ii) the total number of shares of Common Stock into which such Convertible Preferred Stock is convertible multiplied by the Current Market Price at the time of the Redemption Triggering Event. "Redemption Triggering Event" means the Corporation's failure or refusal to convert or redeem any shares of Convertible Preferred Stock in accordance with the terms hereof, or the providing of written notice to such effect. The amount payable in redemption of each share of Convertible Preferred Stock (the "Redemption Price") shall be cash equal (i) all accrued but unpaid dividends as of the Redemption Date (as defined below) with respect to each share to be redeemed, plus (ii) 125% of the Liquidation Preference of each share of Convertible Preferred Stock to be redeemed.

(b) Demand for Redemption. A holder desiring to elect a redemption as herein provided shall deliver a notice (the "Demand for Redemption") to the Corporation while such Redemption Triggering Event continues specifying the following:

- (i) The approximate date and nature of the Redemption Triggering Event;
- (ii) The number of shares of Convertible Preferred Stock to be redeemed; and
- (iii) The address to which the payment of the Redemption Price shall be delivered, or, at the election of the holder, wire instructions with respect to the account

to which payment of the Redemption Price shall be required.

A holder may deliver the certificates evidencing the Convertible Preferred Stock to be redeemed with the Demand for Redemption or under separate cover. Payment of the Redemption Price shall be made not later than two (2) business days after the date on which each of the following conditions has been satisfied: (i) a holder has delivered a Demand for Redemption and the certificates evidencing the shares of Convertible Preferred Stock to be redeemed; and (ii) the Breach Cure Period has expired.

(c) Status of Redeemed or Purchased Shares. Any shares of the Convertible Preferred Stock at any time purchased, redeemed or otherwise acquired by the Corporation shall not be reissued and shall be retired.

14. Stock Transfer Taxes. The issue of stock certificates upon conversion of the Convertible Preferred Stock shall be made without charge to the converting holder for any tax in respect of such issue; provided, however, that the Corporation shall be entitled to withhold any applicable withholding taxes with respect to such issue, if any. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares in any name other than that of the holder of any of the Convertible Preferred Stock converted, and the Corporation shall not be required to issue or deliver any such stock certificate unless and until the person or persons requesting the issue thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

15. Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section prior to 5:00 p.m. (New York City time) on a business day, (b) the next business day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section on a day that is not a business day or later than 5:00 p.m. (New York City time) on any business day, (c) the business day following the date of mailing, if sent by U.S. nationally recognized overnight courier service such as Federal Express, or (d) actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as follows: (i) if to the Corporation, to Netsol Technologies, Inc., 23901 Calabasas Road, Suite 2072, Calabasas, CA 91302, facsimile: (818) 222-9197, Attention: General Counsel, or (ii) if to a holder of Convertible Preferred Stock, to the address or facsimile number appearing on the Corporation's stockholder records or, in either case, to such other address or facsimile number as the Corporation or a holder of Convertible Preferred Stock may provide to the other in accordance with this Section.

16. Stock Transfer Taxes. The issue of stock certificates upon conversion of the Convertible Preferred Stock shall be made without charge to the converting holder for any tax in respect of such issue; provided, however, that the Corporation shall be entitled to withhold any applicable withholding taxes with respect to such issue, if any. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares in any name other than that of the holder of any of the

Convertible Preferred Stock converted, and the Corporation shall not be required to issue or deliver any such stock certificate unless and until the person or persons requesting the issue thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

17. Attorneys' Fees. In connection with enforcement by a holder of Convertible Preferred Stock of any obligation of the Corporation hereunder, the prevailing party shall be entitled to recovery of reasonable attorneys' fees and expenses incurred.

18. Specific Enforcement. The Corporation agrees that irreparable damage would occur in the event that any of the provisions of this Certificate of Designation were not performed in accordance with their specific terms or were otherwise breached. Each holder of Convertible Preferred Stock and each permitted assignee shall have all rights and remedies set forth in this Certificate of Designation and all rights and remedies which such holders have been granted at any time under any other agreement or contract and all of the rights which such holders have under any law. Any person having any rights under any provision of this Certificate of Designation shall be entitled to enforce such rights specifically or pursue other injunctive relief or other equitable remedies (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Certificate of Designation and to exercise all other rights granted by law. Each holder of Convertible Preferred Stock and each permitted assignee without prejudice may withdraw, revoke or suspend its pursuit of any remedy at any time prior to its complete recovery as a result of such remedy.

19. Severability of Provisions. If any right, preference or limitation of the Convertible Preferred Stock set forth in this Certificate of Designation (as this Certificate of Designation may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule or law or public policy, all other rights, preferences and limitations set forth in this Certificate of Designation, which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall nevertheless remain in full force and effect, and no right, preference or limitation herein set forth be deemed dependent upon any such other right, preference or limitation unless so expressed herein.

{Signature Page Follows}

IN WITNESS WHEREOF, the undersigned have executed this designation on behalf of the Corporation and affixed the corporate seal hereto this 19th day of October, 2006.

NETSOL TECHNOLOGIES, INC.


By: 
Name: Patti L. W. McGlasson
Title: Secretary and General Counsel

EXHIBIT A

FORM OF CONVERSION NOTICE

(To be executed by the registered Holder in order to convert shares of Convertible Preferred Stock)

The undersigned hereby irrevocably elects to convert the number of shares of Series A 7% Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock") indicated below into shares of common stock, par value \$0.001 per share (the "Common Stock"), of NetSol Technologies, Inc., a Nevada corporation (the "Corporation"), according to the Certificate of Designation of the Convertible Preferred Stock and the conditions hereof, as of the date written below. The undersigned hereby requests that certificates for the shares of Common Stock to be issued to the undersigned pursuant to this Conversion Notice be issued in the name of, and delivered to, the undersigned or its designee as indicated below. If the shares of Common Stock are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto.

Date of Conversion (Date of Notice)

Number of shares of Convertible Preferred Stock owned prior to Conversion

Number of shares of Convertible Preferred Stock to be converted

Stated Value (Liquidation Preference) of Convertible Preferred Stock to be Converted

Amount of accumulated and unpaid dividends on shares of Convertible Preferred Stock to be converted

Number of shares of Common Stock to be issued (including conversion of accrued but unpaid dividends on shares of Convertible Preferred Stock to be converted)

Applicable Conversion Value

Number of shares of Convertible Preferred Stock owned subsequent to Conversion

Conversion Information: NAME OF HOLDER:

By: _____
Print Name: _____
Print Title: _____

Print Address of Holder: _____

Issue Common Stock to: _____
at: _____

DEAN HELLER
Secretary of State

RENEE L. PARKER
*Chief Deputy
Secretary of State*

PAMELA RUCKEL
*Deputy Secretary
for Southern Nevada*

STATE OF NEVADA



OFFICE OF THE
SECRETARY OF STATE

CHARLES E. MOORE
Securities Administrator

SCOTT W. ANDERSON
*Deputy Secretary
for Commercial Recordings*

ELLYCK HSU
*Deputy Secretary
for Elections*

Certified Copy

March 14, 2005

Job Number: C20050314-1542
Reference Number: 00000064302-95
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20050061288-62	Amendment	1 Pages/1 Copies
20050061288-62	Amendment	1 Pages/1 Copies



Respectfully,

Handwritten signature of Dean Heller in cursive.

DEAN HELLER
Secretary of State

By

Handwritten signature of the Certification Clerk in cursive.

Certification Clerk

Commercial Recording Division
200 N. Carson Street
Carson City, Nevada 89701-4069
Telephone (775) 684-5708
Fax (775) 684-5630



DEAN HELLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4299
(775) 884 5708
Website: secretaryofstate.biz

Entity #
CS490-1997
Document Number:
20050061288-62

Date Filed:
3/14/2005 1:30:26 PM
In the office of

Dean Heller

Dean Heller
Secretary of State

Certificate of Amendment
(PURSUANT TO NRS 78.385 and 78.390)

Important: Read attached instructions before completing form.

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations

(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:
NETSOL TECHNOLOGIES, INC.

2. The articles have been amended as follows (provide article numbers, if available):

Section 10: 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.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation have voted in favor of the amendment is: 8,703,466 shares (70.91%)

4. Effective date of filing (optional):

(Must not be later than 60 days after the certificate is filed)

5. Officer Signature (required):

[Signature] SECRETARY
PATTI L.W. McGLASSON

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless of limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees. See attached fee schedule.

Nevada Secretary of State AIA 78.385 Amend 2003
Revised on: 11/6/03

AMENDMENT OF ARTICLES OF INCORPORATION
OF
NETSOL TECHNOLOGIES, INC.

FILED # 15490-97

AUG 1 2 2003

NetSol Technologies, Inc., a corporation duly organized and existing under the General Corporation Law of the State of Nevada (the "Corporation"), does hereby certify that:

IN THE OFFICE OF
[Signature]
DEAN HULLER, SECRETARY OF STATE

1. The Amendment to the Articles of Incorporation of the Corporation, filed with the Secretary of State of the State of Nevada on March 20, 2002, as amended, is hereby amended by deleting Article J thereof in its entirety and substituting the following in lieu thereof:

"Section 3: The Corporation shall be authorized to issue 50,000,000 shares of capital stock, of which 45,000,000 shares shall be shares of Common Stock, \$.001 par value ("Common Stock") and 5,000,000 shares shall be shares of Preferred Stock, \$.001 par value ("Preferred Stock").


Upon this Certificate of Amendment to the Restated Certificate of Incorporation of the Corporation becoming effective pursuant to Nevada Revised Statutes (the "Effective Time"), every five (5) shares of the Corporation's common stock, par value \$.001 per share (the "Old Common Stock"), issued and outstanding immediately prior to the Effective Time, will be automatically reclassified as and converted into one share of common stock, par value \$.001 per share, of the Corporation (the "New Common Stock").

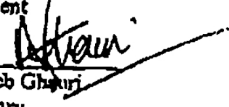
Notwithstanding the immediately preceding sentence, no fractional shares of New Common Stock shall be issued to the holders of record of Old Common Stock in connection with the foregoing reclassification of shares of Old Common Stock. In lieu thereof, the aggregate of all fractional shares otherwise issuable to the holders of record of Old Common Stock shall be issued to American Stock Transfer and Trust, the transfer agent, as agent for, the accounts of all holders of record of Old Common Stock otherwise entitled to have a fraction of a share issued to them. The sale of all of the fractional interests will be effected by the transfer agent as soon as practicable after the Effective Time on the basis of prevailing market prices of the New Common Stock on the NASDAQ Stock Exchange at the time of sale. After such sale and upon the surrender of the stockholders' stock certificates, the transfer agent will pay to such holders of record their pro rata share of the net proceeds derived from the sale of the fractional interests.

Each stock certificate that, immediately prior to the Effective Time, represented shares of Old Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified (as well as the right to receive cash in lieu of any fractional shares of New Common Stock as set forth above), provided, however, that each holder of record of a certificate that represented shares of Old Common Stock shall receive, upon surrender of such certificate, a new certificate representing the number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified, as well as any cash in lieu of fractional shares of New Common Stock to which such holder may be entitled pursuant to the immediately preceding paragraph."

- The foregoing amendment 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 outstanding as of August 11, 2003 is 33,261,405. The number of shares voting in favor of the Amendment exceeded the vote required by more than sixty percent.

IN WITNESS WHEREOF, NetSol Technologies, Inc. has caused this Certificate to be executed by its duly authorized officer on this 12th day of August, 2003.

Signature: 
Name: Sahin Ghauri
Title: President

Signature: 
Name: Najeeb Ghauri
Title: Secretary

SECRETARY OF STATE



CERTIFICATE OF NAME CHANGE

I, DEAN HELLER, the duly qualified and elected Nevada Secretary of State, do hereby certify that on March 20, 2002, a Certificate of Amendment to its Articles of Incorporation changing the name to **NETSOL TECHNOLOGIES, INC.**, was filed in this office by **NETSOL INTERNATIONAL, INC.** Said change of name has been made in accordance with the laws of the State of Nevada and that said Certificate of Amendment is now on file and of record in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office, in Carson City, Nevada, on March 28, 2003.



Dean Heller

DEAN HELLER
Secretary of State

By *U.M. Sadoosing*
Certification Clerk

STATE OF NEVADA
ARTICLES OF INCORPORATION
(After Issuance of Capital Stock)

OF

NETSOL INTERNATIONAL, INC.

FILED # 05490-97

MAR 20 2002

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

IN THE OFFICE OF
Dean Heller
DEAN HELLER, SECRETARY OF STATE

1. Article 1 of Articles of Incorporation of this Corporation is amended to read as follows:

Article 1. The name of the Corporation is:

NetSol Technologies, Inc.

2. Article 3 of the Articles of Incorporation of this Corporation is amended to read:

Article 3.

The total number of shares of capital stock which the Corporation is authorized to issue is fifty million (50,000,000) shares divided into the following classes:

Forty Five Million (45,000,000) shares of common stock with par value of \$0.001 ("Common Stock"); and Five Million (5,000,000) shares of preferred stock having a par value of \$0.001 per share (the "Preferred Stock").

The board of directors of the Corporation (the "Board of Directors") is expressly authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more or series, and to fix for each such or 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

... 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.

3. Article 6. The entire article is eliminated.

4. Article 7 of the Articles of Incorporation of this Corporation is to read:

Article 7. No director or officer 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. 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.

5. Article 8 of the Articles of Incorporation of this Corporation is to read:

Article 8. 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 a 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 effected at a duly called annual or special meeting of the stockholders of the Corporation (and not by consent in lieu thereof).

6. Article 9 of the Articles of Incorporation of this Corporation is to read:

Article 9. 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 for 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 to 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 Certificate 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.

7. The foregoing Amendments of Articles of Incorporation has been duly approved by the Board of Directors.
-

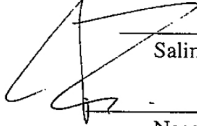
6. The foregoing Amendments of Article of Incorporation has been duly approved by the required vote of shareholder in accordance with Section 78.390 of the Nevada Revised Statues. The total number of outstanding shares as of February 8, 2002 is 15,979,505. The number of shares voting in favor of the Amendment exceeded the vote required. The percentage of vote required was more than fifty percent.



Salim Ghauri, President

Naeem Ghauri, Secretary

Amendment to the Articles of Incorporation has been duly approved by the required vote of shareholder in accordance with Section 78.390 of the Nevada Revised Statutes. The total number of outstanding shares as of February 8, 2002 is 15,979,505. The number of shares voting in favor of the Amendment exceeded the vote required. The percentage of vote required was more than fifty percent.



Salim Ghauri, President



Naeem Ghauri, Secretary

(875)

FILED
IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF NEVADA

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION
(After Payment of Capital or Issuance of Stock)

MAY 21 1999
No. C5490-97
Dean Heller
DEAN HELLER, SECRETARY OF STATE

OF

MIRAGE HOLDINGS, INC.

The President and the Secretary of MIRAGE HOLDINGS, INC. certify:

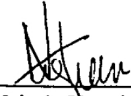
1. Article 1 of Articles of Incorporation of this Corporation is amended to read as follows:

Article 1. The name of the Corporation is:

NetSol International, Inc.

2. The foregoing Amendment of the Articles of incorporation has been duly approved by the Board of Directors.

3. The foregoing Amendments of the Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 78.390 of the Nevada Revised Statutes. The total number of outstanding shares is 4,002,065. The number of shares voting in favor of the Amendment equaled or exceeded the vote required. The percentage vote required was more than fifty percent (50%).



Najeeb Ghauri,
President and Secretary

State of California)
) ss
County of Orange)

On May 19, 1999, personally appeared before me, a Notary Public, personally appeared Nyleeb G. Grew, personally known to me (or proven to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Courtney Lines
Signature of Notary



FILED
IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF NEVADA

1-NF-9:38
9-10-97
125.00 P2

MAR 18 1997

No. C5490-97
Dean Heller
DEAN HELLER, SECRETARY OF STATE

ARTICLES OF INCORPORATION
OF
MIRAGE HOLDINGS, INC.

FIRST. The name of this corporation is Mirage Holdings, Inc.

SECOND. Its resident agent and registered office in the State of Nevada is as follows:
ParaCorp., Incorporated 318 North Carson Street, Suite 208 Carson City, NV 89701.

THIRD. The total number of shares which the corporation is authorized to issue is
Twenty Five Million (25,000,000) shares of common stock with a par value of \$.001 per share.

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 the bylaws of the corporation.

The names and addresses of the first board of directors, which shall consist of one director,
are as follow:

Saima Khan
18638 S. Pioneer Boulevard
Artesia, CA 90701

FIFTH. The name and address of the incorporator signing the Articles of Incorporation
is as follows:

Lynne Bolduc, Esq.
HORWITZ & BEAM
Two Venture Plaza, Suite 380
Irvine, California 92618

SIXTH. At all elections of directors of the corporation, each holder of stock possessing
voting power is entitled to as many votes as equal the number of shares multiplied by the number
of directors to be elected, and she may cast all of his votes for a single director or may distribute
them among the number to be voted for or any two or more of them, as she may see fit.

I, THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of
forming a corporation pursuant to the General Corporation Law of the State of Nevada, do make and
file these Articles of Incorporation, hereby declaring and certifying that the facts herein stated are
true, and accordingly have hereunto set my hands this 3rd day of March, 1997.

Lynne Bolduc

Lynne Bolduc, Incorporator

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

On this 3rd day of March, 1997 before me, the undersigned Notary Public, personally appeared Lynne Bolduc, personally known to me (or prove to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within Instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Michelle Schmidt
Notary Public

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of September 25, 2024 (the "Effective Date"), by and between NetSol Technologies, Inc., a Nevada corporation (the "Company") and Patti L. W. McGlasson, an individual ("Executive").

BACKGROUND

A. The Company desires assurance of the association and services of Executive in order to retain Executive's experience, skills, abilities, background and knowledge, and is willing to engage Executive's services on the terms and conditions set forth in this Agreement.

B. Executive desires to be in the employ of the Company, and is willing to accept such employment on the terms and conditions set forth in this Agreement.

C. Executive and Company have entered into an employment agreement and amendments during Executive's tenure and Executive and Company wish to restate the terms of those agreements in one document.

AGREEMENT

In consideration of the foregoing recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the parties, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

1.1 The Company hereby enters into this Agreement with Executive, and Executive hereby accepts employment under the terms and conditions set forth in this Agreement for a period of two years thereafter (the "Employment Period"); provided, however, that the Employment Period may be terminated earlier pursuant as provided herein. The Employment Period shall be automatically extended for additional one-year periods unless either party notifies the other in writing six months before the end of the anniversary year to elect not to so extend the Employment Period.

1.2 Executive shall serve as Secretary, Sr. Vice President of Legal and Corporate Affairs and General Counsel of the Company.

1.3 Executive shall perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and which are normally associated with the position of Secretary and General Counsel and consistent with the bylaws of the Company.

1.4 The employment relationship between the parties shall be governed by the policies and practices established by the Company, except that when the terms of this Agreement differ from or are in conflict with the Company's policies or practices, this Agreement shall control.

1.5 Unless the parties otherwise agree in writing, during the term of this Agreement, Executive shall perform the services she is required to perform pursuant to this Agreement at the Company's offices, located at its present or future locations in the State of California; provided, further, that the Company may from time to time require Executive to travel temporarily to other locations in connection with the Company's business and in accordance with the Company's standard policies regarding travel for executive and senior management employees.

2. LOYAL AND CONSCIENTIOUS PERFORMANCE; NONCOMPETITION.

2.1 During the Employment Period, Executive shall devote substantially all her business energies, interest, abilities and productive time to the proper and efficient performance of her duties under this Agreement. The foregoing shall not preclude Executive from engaging in civic, charitable or religious activities, or from serving on boards of directors of companies or organizations which will not present any direct conflict with the interest of the Company or affect the performance of Executive's duties hereunder.

2.2 Except with the prior written consent of the Company's Board of Directors ("Board"), Executive will comply with all the restrictions set forth below at all times during his employment and for a period of eighteen months after the termination of her employment:

2.2.1 Executive will not, either individually or in conjunction with any person, as principal, agent, director, officer, employee or in any other manner whatsoever, directly or indirectly engage in or become financially interested in any competitive business within North America, except as a passive investor holding not more than one percent of the publicly traded stock of a corporation in which Executive is not involved in management;

2.2.2 Executive will not, either directly or indirectly, on his own behalf or on behalf of others, solicit, divert or appropriate or attempt to solicit, divert or appropriate to any competitive business, any business or actively sought prospective business of the Company or any customers with whom the Company or any affiliate of the Company has current agreements relating to the business of the Company, or with whom Executive has dealt, or with whom Executive has supervised negotiations or business relations, or about whom Executive has acquired confidential information in the course of Executive's employment;

2.2.3 Executive will not, either directly or indirectly, on Executive's behalf or on behalf of others, solicit, divert or hire away, or attempt to solicit, divert, or hire away, any independent contractor or any person employed by the Company or any affiliate of the Company or persuade or attempt to persuade any such individual to terminate his or her employment with the Company; and,

2.2.4 Executive will not directly or indirectly impair or seek to impair the reputation of the Company or any affiliate of the Company, nor any relationship that the Company or any affiliate of the Company has with its employees, customers, suppliers, agents or other parties with which the Company or any other affiliate of the Company does business or has contractual relation; and,

2.2.5 Executive will not receive or accept for her own benefit, either directly or indirectly, any commission, rebate, discount, gratuity or profit from any person having or proposing to have one or more business transactions with the Company or any affiliate of the Company, without the prior approval of the Board, which may be withheld; and,

2.2.6 Executive will, during the term of this employment with the Company, communicate and channel to the Company all knowledge, business and customer contacts and any other information that could concern or be in any way beneficial to the business of the Company. Any such information communicated to the Company as aforesaid will be and remain the property of the Company notwithstanding any subsequent termination of Executive's employment.

3. COMPENSATION OF EXECUTIVE.

3.1 The Company shall pay Executive a base salary shall be that set forth in Appendix A hereto ("Base Salary"), payable in accordance with the Company policy. Such salary shall be pr rated for any partial year of employment on the basis of a 365-day fiscal year. Additionally, Executive will be eligible for bonuses from time to time as determined by the Board. Any bonus structure is as set forth in Appendix A hereto.

3.2 Executive's Base Salary and other compensation may be changed from time to time by mutual agreement of Executive and the Board and shall be evaluated on an at least annual basis by the Board of Director's Compensation Committee.

3.3 All of Executive's compensation shall be subject to customary withholding taxes and any other employment taxes applicable to Executive's jurisdiction of employment as are commonly required to be collected or withheld by the Company.

3.4 During the Employment Period, the Company agrees to reimburse Executive for all reasonable and necessary business expenses subject to the Company's standard requirements with respect to reporting and documentation of such expenses.

3.5 Executive shall, in accordance with the Company policy and the terms of the applicable plan documents, be eligible to participate in benefits under any Executive benefit plan or arrangement which may be in effect from time to time and made available to its executive or key management employees, including, as applicable, health and disability insurance, dental insurance, and participation in Employer's 401(k) plan. The Company may modify or cancel its benefit plan(s) as it deems necessary.

3.6 Executive shall receive vacation consistent with policies of the Company.

3.7 The Company and Executive shall enter into an Indemnity Agreement to provide indemnification of and the advancing of expenses to Executive to the fullest extent (whether partial or complete) permitted by law, and, to the extent the Company maintains insurance, for the coverage of Executive under the Company's directors' and officers' liability insurance policies.

4. TERMINATION.

4.1 Termination by the Company. Executive's employment with the Company may be terminated under the following conditions:

4.1.1 Death or Disability. Executive's employment with the Company shall terminate effective upon the date of Executive's death or "Complete Disability" (as defined in Section 4.5.1). If Executive's employment shall be terminated by death or Complete Disability as provided in Section 4.4.1, the Company shall (i) pay Executive his accrued Base Salary and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, and (ii) continue Executive's annual Base Salary, in effect at the time of termination, for a period of two (2) months after the termination date, in both cases subject to standard deductions and withholding, and the Company shall thereafter have no further obligations to Executive under this Agreement

4.1.2 For Cause. The Company may terminate Executive's employment under this Agreement for "Cause" (as defined in Section 4.5.3) by delivery of written notice to Executive specifying the cause or causes relied upon for such termination. Any notice of termination given pursuant to this Section 4.1.2 shall affect termination as of the date specified in such notice or, in the event no such date is specified, on the last day of the month in which such notice is delivered or deemed delivered as provided in Section 8 below.

4.1.3 Without Cause. The Company may terminate Executive's employment under this Agreement at any time and for any reason by delivery of written notice of such termination to Executive. Any notice of termination given pursuant to this Section 4.1.4 shall affect termination as of the date specified in such notice (which shall be no earlier than 30 days after such notice is given) or, in the event no such date is specified, on the last day of the month following the month in which such notice is delivered or deemed delivered as provided in Section 8 below.

4.2 Termination By Executive. Executive may terminate her employment with the Company for "Good Reason" (as defined below in Section 4.5.2) by (i) delivery of written notice to the Company specifying the "Good Reason" relied upon by Executive for such termination, provided that such notice is delivered within six (6) months following the occurrence of any event or events constituting Good Reason, or (ii) at any time during the Employment Period without Good Reason.

4.3 Termination by Mutual Agreement of the Parties. Executive's employment pursuant to this Agreement may be terminated at any time upon a mutual agreement in writing of the parties. Any such termination of employment shall have the consequences specified in such agreement.

4.4 Compensation Upon Termination.

4.4.1 Death or Complete Disability. If Executive's employment shall be terminated by death or Complete Disability as provided in Section 4.4.1, the Company shall (i) pay Executive her accrued Base Salary and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, and (ii) continue Executive's annual Base Salary, in effect at the time of termination, for a period of two (2) months after the termination date, in both cases subject to standard deductions and withholding, and the Company shall thereafter have no further obligations to Executive under this Agreement.

4.4.2 Cause or Without Good Reason. If Executive's employment shall be terminated by the Company for Cause, or if Executive terminates employment hereunder without Good Reason, the Company shall pay Executive her accrued Base Salary and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of the notice of termination, and the Company shall thereafter have no further obligations to Executive under this Agreement.

4.4.3 Without Cause or Good Reason. If Executive shall terminate Executive's employment with the Company without Good Reason or the Company shall terminate Executive's employment without Cause, Executive shall be entitled to the following:

(i) Executive's Base Salary, and accrued and unused vacation earned through the date of termination;

(ii) Continuation of Executive's annual Base Salary, in effect at the time of termination, for a period of twenty-four (24) months after the termination date subject to standard deductions and withholding;

(iii) Continuation of Executive's medical, disability and other benefits for a period of twenty-four (24) months after the termination date, as if Executive had continued in employment during said period, or in lieu thereof, 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 (or where such continuation would adversely affect the tax status of the plan pursuant to which the benefit is being provided) under applicable law or regulation; and,

(iv) 100% vesting of all of Executive's Options, all other options granted to Executive and all restricted stock received upon early exercise.

(v) in the event such termination occurs within twelve (12) months after a Change of Control, the Company shall pay Executive (a) a one-time payment equal to the product of 2.99 and Executive's salary for the previous twelve (12) months and (b) a one-time payment equal to the higher of (i) Executive's bonus for the previous year and (ii) one-half a percent of the Company's consolidated gross revenues for the previous twelve (12) months (the "Change of Control Termination Payment").

4.5 Definitions. As used herein, the following terms shall have the following meanings:

4.5.1 Complete Disability. "Complete Disability" shall mean the inability of Executive to perform Executive's duties under this Agreement because Executive has become permanently disabled within the meaning of any policy of disability income insurance covering employees of the Company then in force. In the event the Company has no policy of disability income insurance covering employees of the Company in force when Executive becomes disabled, the term "Complete Disability" shall mean the inability of Executive to perform Executive's duties under this Agreement by reason of any incapacity, physical or mental, which the Board, based upon medical advice or an opinion provided by a licensed physician acceptable to the Board, determines to have incapacitated Executive from satisfactorily performing all of Executive's usual services for the Company for a period of at least 120 days. Based upon such medical advice or opinion, the determination of the Board shall be final and binding and the date such determination is made shall be the date of such Complete Disability for purposes of this Agreement.

4.5.2 Good Reason. "Good Reason" shall be limited to the occurrence of any of the following events:

- (i) If the Company is in material breach of any provision of this Agreement; or
- (ii) If the Company asks Executive to perform any act which is illegal, including commission of any crime involving moral turpitude; or,
- (iii) If there shall be a material diminution in Executive's position, status, offices, authority, duties or responsibilities as set forth in the Agreement; or
- (iv) If there shall be a relocation or transfer of Executive's office to a location of more than 60 miles from Encino, California.

4.5.3 For Cause. "For Cause" shall be limited to the occurrence of any of the following events:

(i) Executive's engaging or in any manner participating in any activity which is directly competitive with or intentionally injurious to the Company or which violates any material provision of Section 6 hereof; or the use of alcohol or illegal drugs, materially interfering with the performance of Executive's obligations under this Agreement, continuing after written warning;

(ii) Executive's commission of any fraud against the Company or use or intentional appropriation for his personal use or benefit of any material funds or properties of the Company not authorized by the Board to be so used or appropriated;

(iii) Executive's conviction of any crime involving moral turpitude; or

(iv) Executive's failure or refusal to materially perform his duties and responsibilities set forth in this Agreement, if such failure or refusal is not cured within thirty (30) days after written notice thereof to Executive by the Company.

5. CHANGE IN CONTROL.

5.1 A "Change of Control" shall, for purposes of this Section mean: (1) a dissolution or liquidation of the Company; (2) any sale or transfer of more than 25% of the total assets of the Company; (3) any merger, consolidation or other business reorganization in which the holders of the Company's outstanding voting securities immediately prior to such transaction do not hold, immediately following such transaction, securities representing fifty percent (50%) or more of the combined voting power of the outstanding securities of the surviving entity; (4) the acquisition by any person (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing fifty percent (50%) or more of the combined voting power of the then-outstanding securities of the Company; or (5) a majority of the incumbent Board of Directors has been changed.

5.2 If a Change In Control occurs, Executive shall be entitled to full acceleration of the vesting of the then-unvested portion of the Options granted to Executive under Section 3.9 hereof and of any other options granted to Executive (or any restricted shares received upon early exercise). If Executive is terminated due to a Change In Control, Executive's medical, disability and other benefits shall continue for a period of twenty-four (24) months, as if Executive had continued in employment during said period, or in lieu thereof, 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 (or where such continuation would adversely affect the tax status of the plan pursuant to which the benefit is being provided) under applicable law or regulation.

5.3 Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, including, without limitation, the Change of Control Termination Payment, or otherwise (the "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), Executive shall be paid an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive after deduction of any excise tax imposed under Section 4999 of the Code, and any federal, state and local income and employment tax and excise tax imposed upon the Gross-Up Payment, and any interest and penalties imposed upon Executive, shall be equal to the Payment. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax and employment taxes at the highest marginal rate of federal income and employment taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the date of Payment, net of the maximum reduction in federal income taxes that may be obtained from the deduction of such state and local taxes.

5.4 All determinations to be made under Section 5.3 shall be made by the Company's independent public accountant (the "Accounting Firm"), which firm shall provide its determinations and any supporting calculations both to the Company and Executive within 10 days of the date of Payment. Any such determination by the Accounting Firm shall be binding upon the Company and Executive. Within five days after the Accounting Firm's determination, the Company shall pay (or cause to be paid) or distribute (or cause to be distributed) to or for the benefit of Executive such amounts as are then due to Executive.

5.5 In the event that upon any audit by the Internal Revenue Service, or by a state or local taxing authority, of the Payment or Gross-Up Payment, a change is finally determined to be required in the amount of taxes paid by Executive, appropriate adjustments shall be made under this Agreement such that the net amount which is payable to Executive after taking into account the provisions of Section 4999 of the Code shall reflect the intent of the parties as expressed in Section 5.3 above, in the manner determined by the Accounting Firm.

5.6 All of the fees and expenses of the Accounting Firm in performing the determinations referred to above shall be borne solely by the Company. The Company agrees to indemnify and hold harmless the Accounting Firm of and from any and all claims, damages and expenses resulting from or relating to its determinations above, except for claims, damages or expenses resulting from the gross negligence or willful misconduct of the Accounting Firm.

6. CONFIDENTIAL AND PROPRIETARY INFORMATION

6.1 Executive recognizes that his employment with the Company will involve contact with information of substantial value to the Company, which is not old and generally known in the trade, and which gives the Company an advantage over its competitors who do not know or use it, including but not limited to, techniques, designs, drawings, processes, inventions, developments, equipment, prototypes, sales and customer information, and business and financial information relating to the business, products, practices and techniques of the Company, (hereinafter referred to as "Confidential and Proprietary Information"). Executive will at all times regard and preserve as confidential such Confidential and Proprietary Information obtained by Executive from whatever source and will not, either during his employment with the Company or thereafter, publish or disclose any part of such Confidential and Proprietary Information in any manner at any time, or use the same except on behalf of the Company, without the prior written consent of the Company.

7. ASSIGNMENT AND BINDING EFFECT.

7.1 This Agreement shall be binding upon and inure to the benefit of Executive and Executive's heirs, executors, personal representatives, assigns, administrators and legal representatives. Due to the unique and personal nature of Executive's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by Executive. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform it if no succession had taken place.

8. NOTICES.

8.1 All notices or demands of any kind required or permitted to be given by the Company or Executive under this Agreement shall be given in writing and shall be personally delivered (and receipted for) or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

8.1.1 If to the Company:

NetSol Technologies, Inc.
16000 Ventura Blvd., Suite 770
Encino, CA 91436
Attn: Chairman

8.1.2 If to Executive:

Patti L. W. McGlasson
537 Brookside Lane
Sierra Madre, CA 91024

Any such written notice shall be deemed received when personally delivered or three (3) days after its deposit in the United States mail as specified above. Either party may change its address for notices by giving notice to the other party in the manner specified in this section.

9. TRADE SECRETS OF OTHERS.

9.1 It is the understanding of both the Company and Executive that Executive shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including Executive's former employers, nor shall the Company and/or its affiliates seek to elicit from Executive any such information. Consistent with the foregoing, Executive shall not provide to the Company and/or its affiliates, and the Company and/or its affiliates shall not request, any documents or copies of documents containing such information.

10. CHOICE OF LAW.

10.1 This Agreement is made in Calabasas, California. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

11. INTEGRATION.

11.1 This Agreement contains the complete, final and exclusive agreement of the parties relating to the subject matter of this Agreement, and supersedes all prior oral and written employment agreements or arrangements between the parties.

12. AMENDMENT.

12.1 This Agreement cannot be amended or modified except by a written agreement signed by Executive and the Company.

13. WAIVER.

13.1 No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the party against whom the waiver is claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

14. SEVERABILITY.

14.1 The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision which most accurately represents the parties' intention with respect to the invalid or unenforceable term or provision.

15. INTERPRETATION; CONSTRUCTION.

15.1 The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but Executive has been encouraged, and has consulted with, his own independent counsel and tax advisors with respect to the terms of this Agreement. The parties acknowledge that each party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

16. REPRESENTATIONS AND WARRANTIES.

16.1 Executive represents and warrants that he is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that his execution and performance of this Agreement will not violate or breach any other agreements between Executive and any other person or entity.

17. LITIGATION COSTS.

17.1 Should any litigation, arbitration, or administrative action be commenced between the parties or their personal representatives concerning any provision of this agreement or the rights and duties of any person in relation to this agreement, the party or parties prevailing in such action shall be entitled, in addition to such other relief as may be granted to a reasonable sum as and for that party's attorney's fees in such litigation which shall be determined by the court, arbitrator, or administrative agency, in such action or in a separate action brought for that purpose.

18. COUNTERPARTS.

18.1 This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same instrument.

19. ARBITRATION.

19.1 To ensure rapid and economical resolution of any disputes which may arise under this Agreement, Executive and the Company agree that any and all disputes or controversies of any nature whatsoever, arising from or regarding the interpretation, performance, enforcement or breach of this Agreement shall be resolved by confidential, final and binding arbitration (rather than trial by jury or court or resolution in some other forum) to the fullest extent permitted by law. Any arbitration proceeding pursuant to this Agreement shall be conducted by the American Arbitration Association ("AAA") in Los Angeles under the then existing AAA arbitration rules. If for any reason all or part of this arbitration provision is held to be invalid, illegal, or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not effect any other portion of this arbitration provision or any other jurisdiction, but this provision will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable part or parts of this provision had never been contained herein, consistent with the general intent of the parties insofar as possible.

20. PAYMENTS. Any amount hereunder not paid when due shall be subject until paid to an interest charge equal to the lesser of (i) one-and-one-half percent of the amount due per month and (ii) the highest rate allowable by applicable law. The late-paying party shall pay all of the other party's costs and expenses (including reasonable attorney's fees) to collect any amount due.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

NETSOL TECHNOLOGIES, INC.

By: /s/ Najeeb Ghauri
Najeeb Ghauri
Its: Chief Executive Officer

By: /s/ Roger Almond
Roger Almond
Its: Chief Financial Officer

EXECUTIVE:

/s/ Patti L. W. McGlasson
Patti L. W. McGlasson

Dated: September 25, 2024

Appendix A

Executives Base Salary effective July 1, 2024 shall be Two Hundred Fifty Two Thousand Three Hundred Twelve Dollars (\$252,312) per annum.

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the “Agreement”) is made and entered into as of September 25, 2024 (the “Effective Date”), by and between NetSol Technologies, Inc., a Nevada corporation (the “Company”) and Najeeb Ghauri, an individual (“Executive”).

BACKGROUND

A. The Company desires assurance of the association and services of Executive in order to retain Executive’s experience, skills, abilities, background and knowledge, and is willing to engage Executive’s services on the terms and conditions set forth in this Agreement.

B. Executive desires to be in the employ of the Company, and is willing to accept such employment on the terms and conditions set forth in this Agreement. For purposes of this Agreement, Company shall include subsidiaries of NetSol Technologies, Inc.

C. Executive and Company have entered into an employment agreement and amendments during Executive’s tenure and Executive and Company wish to restate the terms of those agreements in one document.

AGREEMENT

In consideration of the foregoing recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the parties, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

1.1 The Company hereby enters into this Agreement with Executive, and Executive hereby accepts employment under the terms and conditions set forth in this Agreement for a period of five years thereafter (the “Employment Period”); provided, however, that the Employment Period may be terminated earlier pursuant as provided herein. The Employment Period shall be automatically extended for additional one year period unless either party notifies the other in writing six months before the end of the term to elect not to so extend the Employment Period.

1.2 Executive shall serve as Chief Executive Officer of NetSol Technologies, Inc.

1.3 Executive shall perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and which are normally associated with the position of Executive and consistent with the bylaws and policies, including, but not limited to the committee charters and Code of Ethics of the Company.

1.4 The employment relationship between the parties shall be governed by the policies and practices established by the Company, except that when the terms of this Agreement differ from or are in conflict with the Company’s policies or practices, this Agreement shall control.

1.5 Unless the parties otherwise agree in writing, during the term of this Agreement, Executive shall perform the services he is required to perform pursuant to this Agreement at the Company’s offices, located at its present or future locations in the Thailand; provided, further, that the Company may from time to time require Executive to travel temporarily to other locations in connection with the Company’s business and in accordance with the Company’s standard policies regarding travel for executive and senior management employees.

2. LOYAL AND CONSCIENTIOUS PERFORMANCE; NONCOMPETITION.

2.1 During the Employment Period, Executive shall devote substantially all his business energies, interest, abilities and productive time to the proper and efficient performance of his duties under this Agreement. The foregoing shall not preclude Executive from engaging in civic, charitable or religious activities, or from serving on boards of directors of companies or organizations which will not present any direct conflict with the interest of the Company or affect the performance of Executive's duties hereunder.

2.2 Except with the prior written consent of the Company's Board of Directors ("Board"), Executive will comply with all the restrictions set forth below at all times during his employment and for a period of eighteen months after the termination of his employment:

2.2.1 Executive will not, either individually or in conjunction with any person, as principal, agent, director, officer, employee or in any other manner whatsoever, directly or indirectly engage in or become financially interested in any competitive business within the Company's markets, except as a passive investor holding not more than one percent of the publicly traded stock of a corporation in which Executive is not involved in management;

2.2.2 Executive will not, either directly or indirectly, on his own behalf or on behalf of others, solicit, divert or appropriate or attempt to solicit, divert or appropriate to any competitive business, any business or actively sought prospective business of the Company or any customers with whom the Company or any affiliate of the Company has current agreements relating to the business of the Company, or with whom Executive has dealt, or with whom Executive has supervised negotiations or business relations, or about whom Executive has acquired confidential information in the course of Executive's employment;

2.2.3 Executive will not, either directly or indirectly, on Executive's behalf or on behalf of others, solicit, divert or hire away, or attempt to solicit, divert, or hire away, any independent contractor or any person employed by the Company or any affiliate of the Company or persuade or attempt to persuade any such individual to terminate his or her employment with the Company; and,

2.2.4 Executive will not directly or indirectly impair or seek to impair the reputation of the Company or any affiliate of the Company, nor any relationship that the Company or any affiliate of the Company has with its employees, customers, suppliers, agents or other parties with which the Company or any other affiliate of the Company does business or has contractual relation; and,

2.2.5 Executive will not receive or accept for his own benefit, either directly or indirectly, any commission, rebate, discount, gratuity or profit from any person having or proposing to have one or more business transactions with the Company or any affiliate of the Company, without the prior approval of the Board, which may be withheld; and,

2.2.6 Executive will, during the term of this employment with the Company, communicate and channel to the Company all knowledge, business and customer contacts and any other information that could concern or be in any way beneficial to the business of the Company. Any such information communicated to the Company as aforesaid will be and remain the property of the Company notwithstanding any subsequent termination of Executive's employment.

Failure to comply with the terms of this section 2 shall be ground for immediate termination, and if applicable during the post-termination period shall be grounds for an immediate cessation of any and all payments due to Executive under section 4.4 of this Agreement.

3. COMPENSATION OF EXECUTIVE.

3.1 The Company shall pay Executive a base salary shall be that set forth in Appendix A hereto (“Base Salary”), payable in accordance with the Company policy. Such salary shall be pro rated for any partial year of employment on the basis of a 365-day fiscal year. Additionally, Executive will be eligible for bonuses from time to time as determined by the Board. The bonus structure is as set forth in Appendix A hereto. Base Salary and bonus structure may be modified and amended from time to time by the Compensation Committee of the Company’s Board of Directors.

3.2 Executive’s Base Salary and other compensation may be changed from time to time by mutual agreement of Executive and the Board and shall be evaluated on an at least annual basis by the Board of Director’s Compensation Committee.

3.3 All of Executive’s compensation shall be subject to customary withholding taxes and any other employment taxes applicable to Executive’s jurisdiction of employment as are commonly required to be collected or withheld by the Company.

3.4 During the Employment Period, the Company agrees to reimburse Executive for all reasonable and necessary business expenses subject to the Company’s standard requirements with respect to reporting and documentation of such expenses.

3.5 Executive shall, in accordance with the Company policy and the terms of the applicable plan documents, be eligible to participate in benefits under any Executive benefit plan or arrangement which may be in effect from time to time and made available to its executive or key management employees, including, as applicable, health and disability insurance, dental insurance, and participation in Employer’s 401(k) plan. Provided, however, that Executive shall only be entitled to those benefits as an employee working from a foreign subsidiary and a non-U.S. citizen would be eligible. The Company may modify or cancel its benefit plan(s) as it deems necessary.

3.6 Executive shall receive the vacation according to the standard policies of the Company in the United States.

3.7 The Company and Executive shall enter into an Indemnity Agreement to provide indemnification of and the advancing of expenses to Executive to the fullest extent (whether partial or complete) permitted by law, and, to the extent the Company maintains insurance, for the coverage of Executive under the Company’s directors’ and officers’ liability insurance policies.

4. TERMINATION.

4.1 Termination by the Company. Executive’s employment with the Company may be terminated under the following conditions:

4.1.1 Death or Disability. Executive’s employment with the Company shall terminate effective upon the date of Executive’s death or “Complete Disability” (as defined in Section 4.5.1).

4.1.2 For Cause. The Company may terminate Executive’s employment under this Agreement for “Cause” (as defined in Section 4.5.3) by delivery of written notice to Executive specifying the cause or causes relied upon for such termination. Any notice of termination given pursuant to this Section 4.1.2 shall affect termination as of the date specified in such notice or, in the event no such date is specified, on the last day of the month in which such notice is delivered or deemed delivered as provided in Section 8 below.

4.1.3 Without Cause. The Company may terminate Executive’s employment under this Agreement at any time and for any reason by delivery of written notice of such termination to Executive. Any notice of termination given pursuant to this Section 4.1.4 shall affect termination as of the date specified in such notice (which shall be no earlier than 30 days after such notice is given) or, in the event no such date is specified, on the last day of the month following the month in which such notice is delivered or deemed delivered as provided in Section 8 below.

4.2 Termination by Executive. Executive may terminate his employment with the Company for “Good Reason” (as defined below in Section 4.5.2) by (i) delivery of written notice to the Company specifying the “Good Reason” relied upon by Executive for such termination, provided that such notice is delivered within six (6) months following the occurrence of any event or events constituting Good Reason, or (ii) at any time during the Employment Period without Good Reason.

4.3 Termination by Mutual Agreement of the Parties. Executive’s employment pursuant to this Agreement may be terminated at any time upon a mutual agreement in writing of the parties. Any such termination of employment shall have the consequences specified in such agreement.

4.4 Compensation Upon Termination.

4.4.1 Death or Complete Disability. If Executive’s employment shall be terminated by death or Complete Disability as provided in Section 4.4.1, the Company shall (i) pay Executive his accrued Base Salary and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, and (ii) continue Executive’s annual Base Salary, in effect at the time of termination, for a period of two (2) months after the termination date, in both cases subject to standard deductions and withholding, and the Company shall thereafter have no further obligations to Executive under this Agreement.

4.4.2 Cause or Without Good Reason. If Executive’s employment shall be terminated by the Company for Cause, or if Executive terminates employment hereunder without Good Reason, the Company shall pay Executive his accrued Base Salary and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of the notice of termination, and the Company shall thereafter have no further obligations to Executive under this Agreement.

4.4.3 Without Cause or Good Reason. If Executive shall terminate Executive’s employment with the Company without Good Reason or the Company shall terminate Executive’s employment without Cause, Executive shall be entitled to the following:

(i) Executive’s Base Salary, and accrued and unused vacation earned through the date of termination;

(ii) Continuation of Executive’s annual Base Salary, in effect at the time of termination, for a period of forty-eight (48) months after the termination date subject to standard deductions and withholding;

(iii) Continuation of Executive’s medical, disability and other benefits for a period for thirty-six (36) months from the termination date, as if Executive had continued in employment during said period, or in lieu thereof, 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 (or where such continuation would adversely affect the tax status of the plan pursuant to which the benefit is being provided) under applicable law or regulation; and,

(iv) 100% vesting of all of Executive’s Options, all other options granted to Executive, all restricted stock received upon early exercise and all unvested equity grants.

(v) in the event such termination occurs within twelve (12) months after a Change of Control, the Company shall pay Executive (a) a one-time payment equal to the product of 2.99 and Executive’s salary for the previous twelve (12) months and (b) a one-time payment equal to the higher of (i) Executive’s bonus and commissions for the previous year and (ii) one-half a percent of the Company’s consolidated gross revenues for the previous twelve (12) months (the “Change of Control Termination Payment”).

4.5 Definitions. As used herein, the following terms shall have the following meanings:

4.5.1 Complete Disability. "Complete Disability" shall mean the inability of Executive to perform Executive's duties under this Agreement because Executive has become permanently disabled within the meaning of any policy of disability income insurance covering employees of the Company then in force. In the event the Company has no policy of disability income insurance covering employees of the Company in force when Executive becomes disabled, the term "Complete Disability" shall mean the inability of Executive to perform Executive's duties under this Agreement by reason of any incapacity, physical or mental, which the Board, based upon medical advice or an opinion provided by a licensed physician acceptable to the Board, determines to have incapacitated Executive from satisfactorily performing all of Executive's usual services for the Company for a period of at least 120 days. Based upon such medical advice or opinion, the determination of the Board shall be final and binding and the date such determination is made shall be the date of such Complete Disability for purposes of this Agreement.

4.5.2 Good Reason. "Good Reason" shall be limited to the occurrence of any of the following events:

- (i) If the Company is in material breach of any provision of this Agreement; or
- (ii) If the Company asks Executive to perform any act which is illegal, including commission of any crime involving moral turpitude; or,
- (iii) If there shall be a material diminution in Executive's position, status, offices, authority, duties or responsibilities as set forth in the Agreement.

4.5.3 For Cause. "For Cause" shall be limited to the occurrence of any of the following events:

(i) Executive's engaging or in any manner participating in any activity which is directly competitive with or intentionally injurious to the Company or which violates any material provision of Section 6 hereof; or the use of alcohol or illegal drugs, materially interfering with the performance of Executive's obligations under this Agreement, continuing after written warning;

(ii) Executive's commission of any fraud against the Company or use or intentional appropriation for his personal use or benefit of any material funds or properties of the Company not authorized by the Board to be so used or appropriated;

(iii) Executive's conviction of any crime involving moral turpitude; or

(iv) Executive's failure or refusal to materially perform his duties and responsibilities set forth in this Agreement, if such failure or refusal is not cured within two weeks after written notice thereof to Executive by the Company.

5. CHANGE IN CONTROL.

5.1 A "Change of Control" shall, for purposes of this Section mean: (1) a dissolution or liquidation of the Company; (2) any sale or transfer of more than 25% of the total assets of the Company; (3) any merger, consolidation or other business reorganization in which the holders of the Company's outstanding voting securities immediately prior to such transaction do not hold, immediately following such transaction, securities representing fifty percent (50%) or more of the combined voting power of the outstanding securities of the surviving entity; (4) the acquisition by any person (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing fifty percent (50%) or more of the combined voting power of the then-outstanding securities of the Company; or (5) a majority of the incumbent Board of Directors has been changed.

5.2 If a Change in Control occurs, Executive shall be entitled to full acceleration of the vesting of the then-unvested portion of equity granted to Executive under Section 3.9 hereof and of any other equity granted to Executive (or any restricted shares received upon early exercise). If Executive is terminated due to a Change In Control, Executive's medical, disability and other benefits shall continue for a period of thirty-six (36) months, as if Executive had continued in employment during said period, or in lieu thereof, 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 (or where such continuation would adversely affect the tax status of the plan pursuant to which the benefit is being provided) under applicable law or regulation.

5.3 Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, including, without limitation, the Change of Control Termination Payment, or otherwise (the "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), Executive shall be paid an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive after deduction of any excise tax imposed under Section 4999 of the Code, and any federal, state and local income and employment tax and excise tax imposed upon the Gross-Up Payment, and any interest and penalties imposed upon Executive, shall be equal to the Payment. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax and employment taxes at the highest marginal rate of federal income and employment taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the date of Payment, net of the maximum reduction in federal income taxes that may be obtained from the deduction of such state and local taxes.

5.4 All determinations to be made under Section 5.3 shall be made by the Company's independent public accountant (the "Accounting Firm"), which firm shall provide its determinations and any supporting calculations both to the Company and Executive within 10 days of the date of Payment. Any such determination by the Accounting Firm shall be binding upon the Company and Executive. Within five days after the Accounting Firm's determination, the Company shall pay (or cause to be paid) or distribute (or cause to be distributed) to or for the benefit of Executive such amounts as are then due to Executive.

5.5 In the event that upon any audit by the Internal Revenue Service, or by a state or local taxing authority, of the Payment or Gross-Up Payment, a change is finally determined to be required in the amount of taxes paid by Executive, appropriate adjustments shall be made under this Agreement such that the net amount which is payable to Executive after taking into account the provisions of Section 4999 of the Code shall reflect the intent of the parties as expressed in Section 5.3 above, in the manner determined by the Accounting Firm.

5.6 All of the fees and expenses of the Accounting Firm in performing the determinations referred to above shall be borne solely by the Company. The Company agrees to indemnify and hold harmless the Accounting Firm of and from any and all claims, damages and expenses resulting from or relating to its determinations above, except for claims, damages or expenses resulting from the gross negligence or willful misconduct of the Accounting Firm.

6. CONFIDENTIAL AND PROPRIETARY INFORMATION

6.1 Executive recognizes that his employment with the Company will involve contact with information of substantial value to the Company, which is not old and generally known in the trade, and which gives the Company an advantage over its competitors who do not know or use it, including but not limited to, techniques, designs, drawings, processes, inventions, developments, equipment, prototypes, sales and customer information, and business and financial information relating to the business, products, practices and techniques of the Company, (hereinafter referred to as "Confidential and Proprietary Information"). Executive will at all times regard and preserve as confidential such Confidential and Proprietary Information obtained by Executive from whatever source and will not, either during his employment with the Company or thereafter, publish or disclose any part of such Confidential and Proprietary Information in any manner at any time, or use the same except on behalf of the Company, without the prior written consent of the Company.

7. ASSIGNMENT AND BINDING EFFECT.

7.1 This Agreement shall be binding upon and inure to the benefit of Executive and Executive's heirs, executors, personal representatives, assigns, administrators and legal representatives. Due to the unique and personal nature of Executive's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by Executive. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform it if no succession had taken place.

8. NOTICES.

8.1 All notices or demands of any kind required or permitted to be given by the Company or Executive under this Agreement shall be given in writing and shall be personally delivered, which shall include overnight courier, (and receipted for) or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

8.1.1 If to the Company:

NetSol Technologies, Inc.
16000 Ventura Blvd, Suite 770
Encino, CA 91432
Attn: General Counsel

8.1.2 If to Executive:

Najeeb Ghauri
c/o 16000 Ventura Blvd, Suite 770
Encino, CA 91432

Any such written notice shall be deemed received when personally delivered or three (3) days after its deposit in the United States mail as specified above. Either party may change its address for notices by giving notice to the other party in the manner specified in this section.

9. TRADE SECRETS OF OTHERS.

9.1 It is the understanding of both the Company and Executive that Executive shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including Executive's former employers, nor shall the Company and/or its affiliates seek to elicit from Executive any such information. Consistent with the foregoing, Executive shall not provide to the Company and/or its affiliates, and the Company and/or its affiliates shall not request, any documents or copies of documents containing such information.

10. CHOICE OF LAW.

10.1 This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

11. INTEGRATION.

11.1 This Agreement contains the complete, final and exclusive agreement of the parties relating to the subject matter of this Agreement, and supersedes all prior oral and written employment agreements or arrangements between the parties.

12. AMENDMENT.

12.1 This Agreement cannot be amended or modified except by a written agreement signed by Executive and the Company.

13. WAIVER.

13.1 No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the party against whom the waiver is claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

14. SEVERABILITY.

14.1 The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision which most accurately represents the parties' intention with respect to the invalid or unenforceable term or provision.

15. INTERPRETATION; CONSTRUCTION.

15.1 The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but Executive has been encouraged, and has consulted with, his own independent counsel and tax advisors with respect to the terms of this Agreement. The parties acknowledge that each party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

16. REPRESENTATIONS AND WARRANTIES.

16.1 Executive represents and warrants that he is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that his execution and performance of this Agreement will not violate or breach any other agreements between Executive and any other person or entity.

17. LITIGATION COSTS.

17.1 Should any litigation, arbitration, or administrative action be commenced between the parties or their personal representatives concerning any provision of this agreement or the rights and duties of any person in relation to this agreement, the party or parties prevailing in such action shall be entitled, in addition to such other relief as may be granted to a reasonable sum as and for that party's attorney's fees in such litigation which shall be determined by the court, arbitrator, or administrative agency, in such action or in a separate action brought for that purpose.

18. COUNTERPARTS.

18.1 This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same instrument.

19. ARBITRATION.

19.1 To ensure rapid and economical resolution of any disputes which may arise under this Agreement, Executive and the Company agree that any and all disputes or controversies of any nature whatsoever, arising from or regarding the interpretation, performance, enforcement or breach of this Agreement shall be resolved by confidential, final and binding arbitration (rather than trial by jury or court or resolution in some other forum) to the fullest extent permitted by law. Any arbitration proceeding pursuant to this Agreement shall be conducted by the American Arbitration Association (“AAA”) in Los Angeles under the then existing AAA arbitration rules. If for any reason all or part of this arbitration provision is held to be invalid, illegal, or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not effect any other portion of this arbitration provision or any other jurisdiction, but this provision will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable part or parts of this provision had never been contained herein, consistent with the general intent of the parties insofar as possible.

20. PAYMENTS. Any amount hereunder not paid when due shall be subject until paid to an interest charge equal to the lesser of (i) one-and-one-half percent of the amount due per month and (ii) the highest rate allowable by applicable law. The late-paying party shall pay all of the other party’s costs and expenses (including reasonable attorney’s fees) to collect any amount due.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

NETSOL TECHNOLOGIES, INC.

NETSOL TECHNOLOGIES, INC.

By: /s/ Roger Almond
Roger Almond
Its: Chief Financial Officer

By: /s/ Patti L. W. McGlasson
Patti L. W. McGlasson
Its: Corporate Secretary

EXECUTIVE:

/s/ Najeeb Ghauri
Najeeb Ghauri

Dated: September 25, 2024

Appendix A

Base Salary: Executive's base salary, effective July 1, 2024, shall be Eight Hundred Forty Thousand Dollars (\$840,000) per annum.

Bonus Structure:

A bonus for the fiscal year 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, 2024. Under no circumstances shall the baseline revenue be adjusted downward, even if annual revenues in subsequent years fall below this highest annual revenue mark.

By way of example only:

- If the annual revenue achieved in Fiscal Year 2024 is \$60,000,000, this amount will be used as the baseline revenue for all future bonus calculations.
 - If the annual revenue for the Fiscal Year 2025 is \$61,000,000, the bonus will be calculated based on the \$1,000,000 increase over the \$60,000,000 baseline and \$61,000,000 becomes the new baseline.
 - If the annual revenue for the following year is \$58,000,000, the baseline revenue will remain at \$61,000,000, and no bonus will be paid for that year since there is no increase over the baseline.
 - If the annual revenue for Fiscal Year 2026 is \$62,000,000, the bonus will be calculated based on the new high baseline of \$61,000,000 and, thus based on the \$1,000,000 increase over the \$61,000,000 baseline, and the new baseline will be \$62,000,000.
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EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of September 25, 2024 (the "Effective Date"), by and between NetSol Technologies, Inc., a Nevada corporation (the "Company") and Roger K. Almond, an individual ("Executive").

BACKGROUND

A. The Company desires assurance of the association and services of Executive in order to retain Executive's experience, skills, abilities, background and knowledge, and is willing to engage Executive's services on the terms and conditions set forth in this Agreement.

B. Executive desires to be in the employ of the Company, and is willing to accept such employment on the terms and conditions set forth in this Agreement.

C. Executive and Company have entered into an employment agreement and amendments during Executive's tenure and Executive and Company wish to restate the terms of those agreements in one document.

AGREEMENT

In consideration of the foregoing recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the parties, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

1.1 The Company hereby enters into this Agreement with Executive, and Executive hereby accepts employment under the terms and conditions set forth in this Agreement for a period of two years thereafter (the "Employment Period"); provided, however, that the Employment Period may be terminated earlier as provided herein. The Employment Period shall be automatically extended for additional one year periods unless either party notifies the other in writing six months before the end of the term to elect not to so extend the Employment Period.

1.2 Executive shall serve as Chief Financial Officer of the Company.

1.3 Executive shall perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and which are normally associated with the position of Executive and consistent with the bylaws and policies, including, but not limited to the committee charters and Code of Ethics of the Company.

1.4 The employment relationship between the parties shall be governed by the policies and practices established by the Company, except that when the terms of this Agreement differ from or are in conflict with the Company's policies or practices, this Agreement shall control.

1.5 Unless the parties otherwise agree in writing, during the term of this Agreement, Executive shall perform the services he is required to perform pursuant to this Agreement at the Company's offices, located at its present or future locations in Calabasas, California; provided, further, that the Company may from time to time require Executive to travel temporarily to other locations in connection with the Company's business and in accordance with the Company's standard policies regarding travel for executive and senior management employees.

2. LOYAL AND CONSCIENTIOUS PERFORMANCE; NONCOMPETITION.

2.1 During the Employment Period, Executive shall devote substantially all his business energies, interest, abilities and productive time to the proper and efficient performance of his duties under this Agreement. The foregoing shall not preclude Executive from engaging in civic, charitable or religious activities, or from serving on boards of directors of companies or organizations which will not present any direct conflict with the interest of the Company or affect the performance of Executive's duties hereunder.

2.2 Except with the prior written consent of the Company's Board of Directors ("Board"), Executive will comply with all the restrictions set forth below at all times during his employment and for a period of eighteen months after the termination of his employment:

2.2.1 Executive will not, either individually or in conjunction with any person, as principal, agent, director, officer, employee or in any other manner whatsoever, directly or indirectly engage in or become financially interested in any competitive business within the US, except as a passive investor holding not more than one percent of the publicly traded stock of a corporation in which Executive is not involved in management;

2.2.2 Executive will not, either directly or indirectly, on his own behalf or on behalf of others, solicit, divert or appropriate or attempt to solicit, divert or appropriate to any competitive business, any business or actively sought prospective business of the Company or any customers with whom the Company or any affiliate of the Company has current agreements relating to the business of the Company, or with whom Executive has dealt, or with whom Executive has supervised negotiations or business relations, or about whom Executive has acquired confidential information in the course of Executive's employment;

2.2.3 Executive will not, either directly or indirectly, on Executive's behalf or on behalf of others, solicit, divert or hire away, or attempt to solicit, divert, or hire away, any independent contractor or any person employed by the Company or any affiliate of the Company or persuade or attempt to persuade any such individual to terminate his or her employment with the Company; and,

2.2.4 Executive will not directly or indirectly impair or seek to impair the reputation of the Company or any affiliate of the Company, nor any relationship that the Company or any affiliate of the Company has with its employees, customers, suppliers, agents or other parties with which the Company or any other affiliate of the Company does business or has contractual relation; and,

2.2.5 Executive will not receive or accept for his own benefit, either directly or indirectly, any commission, rebate, discount, gratuity or profit from any person having or proposing to have one or more business transactions with the Company or any affiliate of the Company, without the prior approval of the Board, which may be withheld; and,

2.2.6 Executive will, during the term of this employment with the Company, communicate and channel to the Company all knowledge, business and customer contacts and any other information that could concern or be in any way beneficial to the business of the Company. Any such information communicated to the Company as aforesaid will be and remain the property of the Company notwithstanding any subsequent termination of Executive's employment.

Failure to comply with the terms of this section 2 shall be ground for immediate termination, and if applicable during the post-termination period shall be grounds for an immediate cessation of any and all payments due to Executive under section 4.4 of this Agreement.

3. COMPENSATION OF EXECUTIVE.

3.1 The Company shall pay Executive a base salary shall be that set forth in Appendix A hereto ("Base Salary"), payable in accordance with the Company policy. Such salary shall be prorated for any partial year of employment on the basis of a 365-day fiscal year. Additionally, Executive will be eligible for bonuses from time to time as determined by the Board.

3.2 Executive's Base Salary and other compensation may be changed from time to time by mutual agreement of Executive and the Board and shall be evaluated on an at least annual basis by the Board of Director's Compensation Committee.

3.3 All of Executive's compensation shall be subject to customary withholding taxes and any other employment taxes applicable to Executive's jurisdiction of employment as are commonly required to be collected or withheld by the Company.

3.4 During the Employment Period, the Company agrees to reimburse Executive for all reasonable and necessary business expenses subject to the Company's standard requirements with respect to reporting and documentation of such expenses.

3.5 Executive shall, in accordance with the Company policy and the terms of the applicable plan documents, be eligible to participate in benefits under any Executive benefit plan or arrangement which may be in effect from time to time and made available to its executive or key management employees, including, as applicable, health and disability insurance, dental insurance, and participation in Employer's 401(k) plan. . The Company may modify or cancel its benefit plan(s) as it deems necessary.

3.6 Executive shall receive the vacation according to the standard policies of the Company.

3.7 The Company and Executive shall enter into an Indemnity Agreement to provide indemnification of and the advancing of expenses to Executive to the fullest extent (whether partial or complete) permitted by law, and, to the extent the Company maintains insurance, for the coverage of Executive under the Company's directors' and officers' liability insurance policies.

4. TERMINATION.

4.1 Termination by the Company. Executive's employment with the Company may be terminated under the following conditions:

4.1.1 Death or Disability. Executive's employment with the Company shall terminate effective upon the date of Executive's death or "Complete Disability" (as defined in Section 4.5.1).

4.1.2 For Cause. The Company may terminate Executive's employment under this Agreement for "Cause" (as defined in Section 4.5.3) by delivery of written notice to Executive specifying the cause or causes relied upon for such termination. Any notice of termination given pursuant to this Section 4.1.2 shall effect termination as of the date specified in such notice or, in the event no such date is specified, on the last day of the month in which such notice is delivered or deemed delivered as provided in Section 8 below.

4.1.3 Without Cause. The Company may terminate Executive's employment under this Agreement at any time and for any reason by delivery of written notice of such termination to Executive. Any notice of termination given pursuant to this Section 4.1.4 shall effect termination as of the date specified in such notice (which shall be no earlier than 30 days after such notice is given) or, in the event no such date is specified, on the last day of the month following the month in which such notice is delivered or deemed delivered as provided in Section 8 below.

4.2 Termination By Executive. Executive may terminate his employment with the Company for "Good Reason" (as defined below in Section 4.5.2) by (i) delivery of written notice to the Company specifying the "Good Reason" relied upon by Executive for such termination, provided that such notice is delivered within six (6) months following the occurrence of any event or events constituting Good Reason, or (ii) at any time during the Employment Period without Good Reason.

4.3 Termination by Mutual Agreement of the Parties. Executive's employment pursuant to this Agreement may be terminated at any time upon a mutual agreement in writing of the parties. Any such termination of employment shall have the consequences specified in such agreement.

4.4 Compensation Upon Termination.

4.4.1 Death or Complete Disability. If Executive's employment shall be terminated by death or Complete Disability as provided in Section 4.4.1, the Company shall (i) pay Executive his accrued Base Salary and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, and (ii) continue Executive's annual Base Salary, in effect at the time of termination, for a period of two (2) months after the termination date, in both cases subject to standard deductions and withholding, and the Company shall thereafter have no further obligations to Executive under this Agreement.

4.4.2 Cause or Without Good Reason. If Executive's employment shall be terminated by the Company for Cause, or if Executive terminates employment hereunder without Good Reason, the Company shall pay Executive his accrued Base Salary and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of the notice of termination, and the Company shall thereafter have no further obligations to Executive under this Agreement.

4.4.3 Without Cause or Good Reason. If Executive shall terminate Executive's employment with the Company without Good Reason or the Company shall terminate Executive's employment without Cause, Executive shall be entitled to the following:

(i) Executive's Base Salary, and accrued and unused vacation earned through the date of termination;

(ii) Continuation of Executive's annual Base Salary, in effect at the time of termination, for a period of twenty four (24) months after the termination date subject to standard deductions and withholding;

(iii) Continuation of Executive's medical, disability and other benefits for a period for twenty four (24) months after the termination date, as if Executive had continued in employment during said period, or in lieu thereof, 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 (or where such continuation would adversely affect the tax status of the plan pursuant to which the benefit is being provided) under applicable law or regulation; and,

(iv) 100% vesting of all of Executive's Options, all other options granted to Executive and all restricted stock received upon early exercise and all unvested equity grants.

(v) in the event such termination occurs within twelve (12) months after a Change of Control, the Company shall pay Executive (a) a one-time payment equal to the product of 2.99 and Executive's salary for the previous twelve (12) months and (b) a one-time payment equal to the higher of (i) Executive's bonus for the previous year and (ii) one-half a percent of the Company's consolidated gross revenues for the previous twelve (12) months (the "Change of Control Termination Payment").

4.5 Definitions. As used herein, the following terms shall have the following meanings:

4.5.1 Complete Disability. "Complete Disability" shall mean the inability of Executive to perform Executive's duties under this Agreement because Executive has become permanently disabled within the meaning of any policy of disability income insurance covering employees of the Company then in force. In the event the Company has no policy of disability income insurance covering employees of the Company in force when Executive becomes disabled, the term "Complete Disability" shall mean the inability of Executive to perform Executive's duties under this Agreement by reason of any incapacity, physical or mental, which the Board, based upon medical advice or an opinion provided by a licensed physician acceptable to the Board, determines to have incapacitated Executive from satisfactorily performing all of Executive's usual services for the Company for a period of at least 120 days. Based upon such medical advice or opinion, the determination of the Board shall be final and binding and the date such determination is made shall be the date of such Complete Disability for purposes of this Agreement.

4.5.2 Good Reason. "Good Reason" shall be limited to the occurrence of any of the following events:

- (i) If the Company is in material breach of any provision of this Agreement; or
- (ii) If the Company asks Executive to perform any act which is illegal, including commission of any crime involving moral turpitude; or,
- (iii) If there shall be a material diminution in Executive's position, status, offices, authority, duties or responsibilities as set forth in the Agreement.

4.5.3 For Cause. "For Cause" shall be limited to the occurrence of any of the following events:

(i) Executive's engaging or in any manner participating in any activity which is directly competitive with or intentionally injurious to the Company or which violates any material provision of Section 6 hereof; or the use of alcohol or illegal drugs, materially interfering with the performance of Executive's obligations under this Agreement, continuing after written warning;

(ii) Executive's commission of any fraud against the Company or use or intentional appropriation for his personal use or benefit of any material funds or properties of the Company not authorized by the Board to be so used or appropriated;

(iii) Executive's conviction of any crime involving moral turpitude; or

(iv) Executive's failure or refusal to materially perform his duties and responsibilities set forth in this Agreement, if such failure or refusal is not cured within two weeks after written notice thereof to Executive by the Company.

5. CHANGE IN CONTROL.

5.1 A "Change of Control" shall, for purposes of this Section mean: (1) a dissolution or liquidation of the Company; (2) any sale or transfer of more than 25% of the total assets of the Company; (3) any merger, consolidation or other business reorganization in which the holders of the Company's outstanding voting securities immediately prior to such transaction do not hold, immediately following such transaction, securities representing fifty percent (50%) or more of the combined voting power of the outstanding securities of the surviving entity; (4) the acquisition by any person (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing fifty percent (50%) or more of the combined voting power of the then-outstanding securities of the Company; or (5) a majority of the incumbent Board of Directors has been changed.

5.2 If a Change In Control occurs, Executive shall be entitled to full acceleration of the vesting of the then-unvested portion of equity granted to Executive under Section 3.9 hereof and of any other options granted to Executive (or any restricted shares received upon early exercise) or unvested share grants. If Executive is terminated due to a Change In Control, Executive's medical, disability and other benefits shall continue for a period of twelve (12) months, as if Executive had continued in employment during said period, or in lieu thereof, 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 (or where such continuation would adversely affect the tax status of the plan pursuant to which the benefit is being provided) under applicable law or regulation.

5.3 Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, including, without limitation, the Change of Control Termination Payment, or otherwise (the "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), Executive shall be paid an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive after deduction of any excise tax imposed under Section 4999 of the Code, and any federal, state and local income and employment tax and excise tax imposed upon the Gross-Up Payment, and any interest and penalties imposed upon Executive, shall be equal to the Payment. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax and employment taxes at the highest marginal rate of federal income and employment taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the date of Payment, net of the maximum reduction in federal income taxes that may be obtained from the deduction of such state and local taxes.

5.4 All determinations to be made under Section 5.3 shall be made by the Company's independent public accountant (the "Accounting Firm"), which firm shall provide its determinations and any supporting calculations both to the Company and Executive within 10 days of the date of Payment. Any such determination by the Accounting Firm shall be binding upon the Company and Executive. Within five days after the Accounting Firm's determination, the Company shall pay (or cause to be paid) or distribute (or cause to be distributed) to or for the benefit of Executive such amounts as are then due to Executive.

5.5 In the event that upon any audit by the Internal Revenue Service, or by a state or local taxing authority, of the Payment or Gross-Up Payment, a change is finally determined to be required in the amount of taxes paid by Executive, appropriate adjustments shall be made under this Agreement such that the net amount which is payable to Executive after taking into account the provisions of Section 4999 of the Code shall reflect the intent of the parties as expressed in Section 5.3 above, in the manner determined by the Accounting Firm.

5.6 All of the fees and expenses of the Accounting Firm in performing the determinations referred to above shall be borne solely by the Company. The Company agrees to indemnify and hold harmless the Accounting Firm of and from any and all claims, damages and expenses resulting from or relating to its determinations above, except for claims, damages or expenses resulting from the gross negligence or willful misconduct of the Accounting Firm.

6. CONFIDENTIAL AND PROPRIETARY INFORMATION

6.1 Executive recognizes that his employment with the Company will involve contact with information of substantial value to the Company, which is not old and generally known in the trade, and which gives the Company an advantage over its competitors who do not know or use it, including but not limited to, techniques, designs, drawings, processes, inventions, developments, equipment, prototypes, sales and customer information, and business and financial information relating to the business, products, practices and techniques of the Company, (hereinafter referred to as "Confidential and Proprietary Information"). Executive will at all times regard and preserve as confidential such Confidential and Proprietary Information obtained by Executive from whatever source and will not, either during his employment with the Company or thereafter, publish or disclose any part of such Confidential and Proprietary Information in any manner at any time, or use the same except on behalf of the Company, without the prior written consent of the Company.

7. ASSIGNMENT AND BINDING EFFECT.

7.1 This Agreement shall be binding upon and inure to the benefit of Executive and Executive's heirs, executors, personal representatives, assigns, administrators and legal representatives. Due to the unique and personal nature of Executive's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by Executive. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform it if no succession had taken place.

8. NOTICES.

8.1 All notices or demands of any kind required or permitted to be given by the Company or Executive under this Agreement shall be given in writing and shall be personally delivered, which shall include overnight courier, (and receipted for) or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

8.1.1 If to the Company:

NetSol Technologies, Inc.
16000 Ventura Blvd., Suite 770
Encino, CA 91436
Attn: Chairman

8.1.2 If to Executive:

Roger K. Almond
c/oNetSol Technologies, Inc.
16000 Ventura Blvd, Suite 770

Any such written notice shall be deemed received when personally delivered or three (3) days after its deposit in the United States mail as specified above. Either party may change its address for notices by giving notice to the other party in the manner specified in this section.

9. TRADE SECRETS OF OTHERS.

9.1 It is the understanding of both the Company and Executive that Executive shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including Executive's former employers, nor shall the Company and/or its affiliates seek to elicit from Executive any such information. Consistent with the foregoing, Executive shall not provide to the Company and/or its affiliates, and the Company and/or its affiliates shall not request, any documents or copies of documents containing such information.

10. CHOICE OF LAW.

10.1 This Agreement shall be construed and interpreted in accordance with the laws of the State of Nevada.

11. INTEGRATION.

11.1 This Agreement contains the complete, final and exclusive agreement of the parties relating to the subject matter of this Agreement, and supersedes all prior oral and written employment agreements or arrangements between the parties.

12. AMENDMENT.

12.1 This Agreement cannot be amended or modified except by a written agreement signed by Executive and the Company.

13. WAIVER.

13.1 No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the party against whom the waiver is claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

14. SEVERABILITY.

14.1 The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision which most accurately represents the parties' intention with respect to the invalid or unenforceable term or provision.

15. INTERPRETATION; CONSTRUCTION.

15.1 The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but Executive has been encouraged, and has consulted with, his own independent counsel and tax advisors with respect to the terms of this Agreement. The parties acknowledge that each party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

16. REPRESENTATIONS AND WARRANTIES.

16.1 Executive represents and warrants that he is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that his execution and performance of this Agreement will not violate or breach any other agreements between Executive and any other person or entity.

17. LITIGATION COSTS.

17.1 Should any litigation, arbitration, or administrative action be commenced between the parties or their personal representatives concerning any provision of this agreement or the rights and duties of any person in relation to this agreement, the party or parties prevailing in such action shall be entitled, in addition to such other relief as may be granted to a reasonable sum as and for that party's attorney's fees in such litigation which shall be determined by the court, arbitrator, or administrative agency, in such action or in a separate action brought for that purpose.

18. COUNTERPARTS.

18.1 This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same instrument.

19. ARBITRATION.

19.1 To ensure rapid and economical resolution of any disputes which may arise under this Agreement, Executive and the Company agree that any and all disputes or controversies of any nature whatsoever, arising from or regarding the interpretation, performance, enforcement or breach of this Agreement shall be resolved by confidential, final and binding arbitration (rather than trial by jury or court or resolution in some other forum) to the fullest extent permitted by law. Any arbitration proceeding pursuant to this Agreement shall be conducted by the American Arbitration Association ("AAA") in Los Angeles under the then existing AAA arbitration rules. If for any reason all or part of this arbitration provision is held to be invalid, illegal, or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not effect any other portion of this arbitration provision or any other jurisdiction, but this provision will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable part or parts of this provision had never been contained herein, consistent with the general intent of the parties insofar as possible.

20. PAYMENTS. Any amount hereunder not paid when due shall be subject until paid to an interest charge equal to the lesser of (i) one-and-one-half percent of the amount due per month and (ii) the highest rate allowable by applicable law. The late-paying party shall pay all of the other party's costs and expenses (including reasonable attorney's fees) to collect any amount due.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

NETSOL TECHNOLOGIES, INC.

NETSOL TECHNOLOGIES, INC.

By: /s/ Najeeb Ghauri
Najeeb Ghauri
Its: Chief Executive Officer

By: /s/ Patti L. W. McGlasson
Patti L. W. McGlasson
Its: Corporate Secretary

EXECUTIVE:

/s/ Roger K. Almond
Roger K. Almond

Dated: September 24, 2024

Appendix A

Base Salary: Executive's base salary, effective July 1, 2024, shall be \$275,000 per annum.

Wholly owned Subsidiaries

NetSol Technologies Americas, Inc. (“NTA”)
NetSol Connect (Private), Ltd. (“Connect”)
NetSol Technologies Australia Pty Ltd. (“Australia”)
NetSol Technologies Europe Limited (“NTE”)
NTPK (Thailand) Co. Limited (“NTPK Thailand”)
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 Ascent Middle East Computer Equipment Trading LLC (“Namecet”)
NetSol Technologies Thailand Limited (“NetSol Thai”)
OTOZ, Inc. (“OTOZ”)
OTOZ (Thailand) Limited (“OTOZ Thai”)

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, 2024 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 30, 2024

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

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

I, Roger K. Almond, certify that:

- (1) I have reviewed this annual report on Form 10-K for the fiscal year ended June 30, 2024 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 30, 2024

/s/ Roger K. Almond
Roger K. Almond
Chief Financial Officer
Principal Accounting Officer

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, 2024, 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 30, 2024

/s/ Najeeb Ghauri

Najeeb Ghauri,
Chief Executive Officer
Principal Executive Officer

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, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Roger K. Almond, 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 30, 2024

/s/ Roger K. Almond

Roger K. Almond
Chief Financial Officer
Principal Accounting Officer
