

Annual Report

Novatti Group Limited
Level 3/461 Bourke St, Melbourne VIC 3000

2023/24

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FY24 in numbers

\$42.9m

Annual sales revenue
+10% on FY23

\$29.2m

Operating expenses
(ex IBOA)
20% improvement on FY23

\$7m+

Cost reduction program
implemented to be
reflected in FY25

44%

Gross Margin
(Payments AU/NZ)
FY23: 37%

\$2.8b

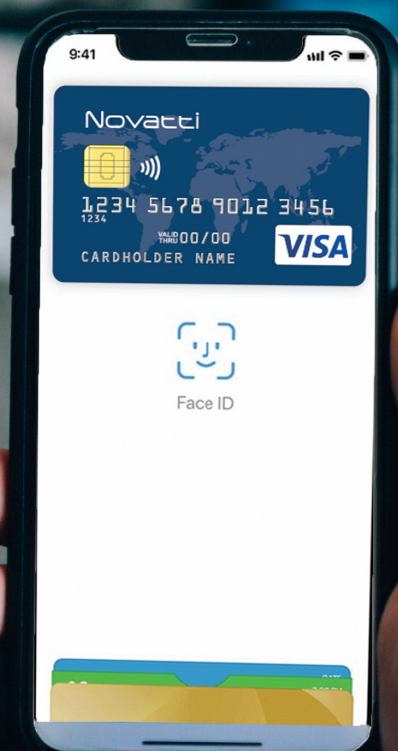
GTV (Payments AU/NZ)
+23% on FY23

-\$12.0m

Underlying EBITDA
+20% on FY23

About Novatti

Novatti enables businesses to **pay and be paid**, from any device, anywhere. From corner stores and startups to global organisations, our solutions will unlock your ambitions.



Corporate directory

Novatti Group Limited

Directors	Peter Pawlowitsch (Non-Executive Chairman) Peter Cook (Executive Director) Kenneth Lai (Non-Executive Director) Killian Murphy (Non-Executive Director)
Joint company secretaries	Ian Hobson Steven Stamboultgis
Registered office and principal place of business	Level 3 461 Bourke Street Melbourne VIC 3000 +61 3 9011 8490
Share register	Automatic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000 +61 8 9324 2099
Auditor	William Buck Level 20 181 William Street Melbourne VIC 3000
Bankers	ANZ 388 Collins Street Melbourne VIC 3000
Stock exchange listing	Novatti Group Limited shares are listed on the Australian Securities Exchange (ASX code: NOV)
Website	www.novatti.com
Corporate Governance Statement	www.novatti.com/corporate-governance
Australian Financial Services Licence	AFSL No.448066
New Zealand Financial Services Provider	FSP613789

Chairman's Report



Peter Pawlowitsch

Chairman

FY24 saw a great deal of change across Novatti's business, as new CEO, Mark Healy, implemented a strategy to transform a group of independent businesses into a focused Payments Solutions business.

This strategy included three objectives: simplify the business, introduce a market led, customer focus, and ultimately lift financial performance, which is now benchmarked against a positive cashflow and a 3-year, 70%+ margin target.

The implementation of this strategy came at the right time as we saw the continued slowdown in capital markets globally, particularly within the growth sector. Novatti's response to changing market conditions was aided by the ongoing whole of business strategic review, implemented by Mark, which identified a number of significant opportunities for optimisation and divestment across the business. This included the divestment of interests in both Reckon Limited and the International Bank of Australia, and the repayment of a \$10.5m bond, creating more flexibility in the business to respond to changing conditions.

Alongside the continued growth in revenue, enhanced focus on margin, and the removal of \$7m in annualised costs, we have sought to prudently manage Novatti's balance sheet across the year, without impacting growth in core business.

Despite challenging capital market conditions, we remain incredibly optimistic about the macro level opportunity within payments. As an example, a local study from The University of Sydney Business School¹ highlighted that:

- 45% of Australian businesses believe they need to improve their payments systems
- 81% of medium and large businesses said payments are critical for their digital transformation
- 83% of businesses that invested in digital payments reported improved revenue or customer relationships

These results emphasise the importance of Novatti's focus on unlocking the growth potential within the core Payments AU/NZ division, which will only benefit further from the commercial and operational changes flowing under new leadership.

Across this year of great change, the Novatti team worked tirelessly to continue the growth in the business. On behalf of the Board, I want to thank all Novatti team members for their fantastic work and efforts. Likewise, thank you to all our Novatti shareholders for your continued investment and support. I look forward to updating you on the results emerging from the initiatives implemented in FY24 in the year ahead.

Alongside the continued growth in revenue, enhanced focus on margin, and the removal of \$7m in annualised costs, we have sought to prudently manage Novatti's balance sheet across the year, without impacting growth in core business.

¹ The future of digital payments for businesses in Australia, The University of Sydney, <https://go.stripe.global/digital-payments-au-report>

CEO's Report



Mark Healy

CEO

Novatti is now one year into its strategic transformation, which was the dominant theme of FY24.

The business today looks vastly different to that from the start of FY24. It has been streamlined and re-directed under a simplified strategy, all now underpinned by long term financial targets and systematic execution.

Some of the major initiatives undertaken as part of this transformation across FY24 include:

- Implementing long term financial targets, including 3-year, 70%+ margins
- \$7m in annualised costs removed
- Divestment of non-core interests, including Reckon Limited and International Bank of Australia
- Simplified the business to position payments as core
- Streamlined access to multiple products
- Developed a pipeline of 500+ new merchants expected for onboarding by end of H1 FY25

The impact of all these individual initiatives is highlighting through the financial results that are now emerging. As a start, across FY24 revenue was up 10% YoY to \$42.9m, a new record. Further, normalised operating expenses fell 20%, while underlying EBITDA improved 20%.

The restructuring of the business has also unlocked strong traction and future growth potential for the core Payments AU/NZ division, with this segment already delivering the largest gross margin contribution across Novatti, despite starting from a lower revenue base compared with other divisions.

Now into FY25, we are absolutely committed to deepening Novatti's turnaround as we move towards achieving our 3-year, 70%+ margin target and run rate of positive operating cashflow by the end of H1 FY25.

I would like to thank all shareholders for your engagement and feedback over the past 12 months. I look forward to accelerating Novatti's turnaround and achieving our targets.

Into FY25, we are absolutely committed to deepening Novatti's turnaround as we move towards achieving our 3-year, 70%+ margin target and run rate of positive operating cashflow by the end of H1 FY25.

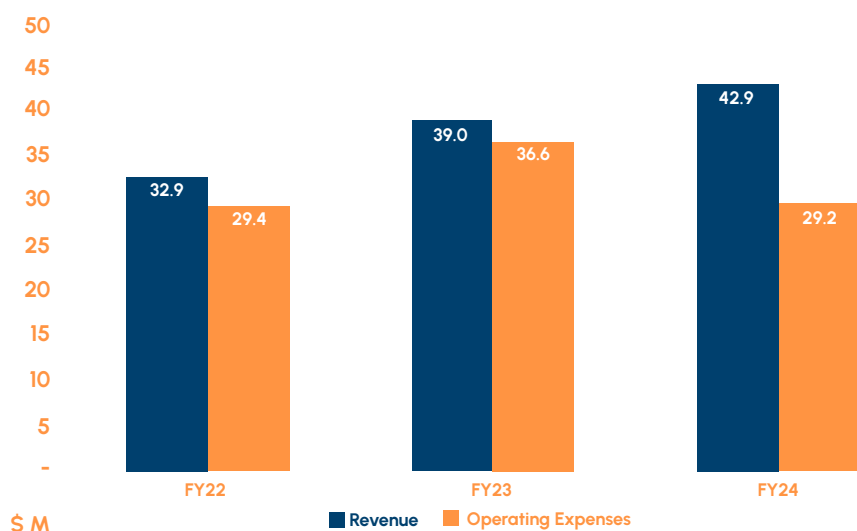
Review of operations

Financial Update

Across FY24, Novatti generated \$42.9 million in sales revenue, an increase of 10% on the previous financial year. The revenue rise represented organic growth with Novatti not undertaking any major acquisitions during FY24, a year where the priority was to streamline Novatti's previously fragmented business units.

Novatti's underlying EBITDA loss of \$12.0 million in FY24 was a 20% improvement on the previous year, primarily attributable to Novatti's streamlined organisation structure which facilitated cost reductions across the Company. Operating expenses were reduced by 20% for FY24, without sacrificing revenue.

Novatti Group FY24 Performance (ex IBOA)



In total \$7m+ in annualised costs have been removed since the start of FY24.

As a core objective of the new strategy, Novatti repositioned its brand, product and target customer profile within the core Payments AU/NZ division. Positive results from this approach were seen in Q4 with several large commercial wins announced in key target markets.

Going forward, the continued streamlining and management of customer accounts is expected to

increase margin for Payments AU/NZ, which was 44% across FY24 (FY23: 37%) as Novatti progresses towards its stated three year 70% target.

Novatti concluded FY24 with \$9.5m in cash and cash equivalents. \$4.3m of this was attributable to the discontinued operations of International Bank of Australia. Novatti sold its stake for \$2.87m in Q1 FY25, which is not reflected in the cash balance at 30 June 2024.

Operations Update

FY24 was a year of transition for Novatti which completed the first year of a 3-year turnaround strategy under a new Executive Leadership team, headed by CEO Mark Healy, who was appointed to the role in June 2023. Key to the strategy is Novatti's stated 3-year target to increase gross margins on payment processing to 70%, a target that is achievable based on peer comparisons, simplifying the business, and introducing a market led, customer focussed commercial strategy.

Streamlining the business throughout FY24, Novatti consolidated 12 separately operated businesses with independent teams, down to four core divisions (Payments AU/NZ, Payments International, Technology Solutions, Investments) and the deployment of shared services and processes. This streamlining strategy saw \$7m in annualised expenses removed from Novatti while still maintaining a growth profile and undertaking selective reinvestment into the marketing strategy, customer experience and payments platform consolidation.

With the progressive deployment of the transformation initiatives across structure, process and technology, Novatti was able to reduce FY24 expenses (ex IBOA) by 20% compared to FY23.

Novatti continues to attract strong growth within its Payments AU/NZ business, particularly within merchant acceptance. As at the end of Q4 FY24, 732 merchants were using Novatti for their payments acceptance, a 13% increase since the start of FY24. This result is net of intentionally offboarded customers following a review of their financial performance and risk profile during FY24.

This review into the financial and operating performance of customers and services remains ongoing as part of the strategic review. For example, during Q4 Novatti ceased offering wholesale (as opposed to B2B) cross border payment services due to the high compliance costs and low overall profitability. While this specific customer segment contributed ~\$1.5m to annual revenue, it is not considered to contribute positively to Novatti's long term financial targets, particularly positive cashflow and margins.

Novatti will still continue to provide cross-border support for B2B customers going forward, as this is considered an important differentiator as a complementary product to existing and new mid-sized customers, and still aligns with long-term financial targets.

As part of the strategy to simplify Novatti, all businesses within the portfolio have been undergoing a strategic review with a focus on their contribution to Novatti's immediate goal to achieve positive operating cash flow, and long-term goal of contribution towards Novatti's 70% gross margin on payment processing.

This ongoing review contributed to Novatti divesting its stake in Reckon Limited in November 2023 for \$8.9 million and fully repaying its \$10.5 million corporate bond facility. Following the FY24 reporting period, Novatti also divested its stake in IBOA Group Holdings Pty Ltd (IBOA) for \$2.87 million which was settled in July 2024.



Investments

All assets within the Investments division have been subject to a strategic review that commenced in FY24 to assess their alignment with Novatti's long-term financial goals, be self-funding and/or offer future synergies with existing Novatti payment services.

As part of streamlining Novatti down to four divisions, Novatti's stakes in AUDD, International Bank of Australia and Reckon Limited were transitioned to the Investments division, to reflect their operations independent of Novatti management. All assets within the Investments division have been subject to a strategic review that commenced in FY24 to assess their alignment with Novatti's long-term financial goals, be self-funding and/or offer future synergies with existing Novatti payment services.

Stablecoin and Digital Currencies

AUDD progressed its commercial strategy, accelerating the further reach of its stablecoin services through partnerships and integrations with new blockchains.

In July 2024, AUDD completed a pre-seed funding round, which raised \$306k from industry investors at \$0.20 per share. The previous funding round completed in January 2024 was at \$0.12 per share. The increased price for the July round reflects continued investor interest in AUDD, the growth of the ecosystem, and increased use of AUDD stablecoin, which exceeded \$100 million for the 6 months ended 30 June 2024.

At \$0.20 per share, AUDD completed the pre-seed funding round at a \$5.1 million pre-money valuation. Novatti holds 20 million shares in AUDD and does not intend to increase its investment in the future.

International Bank of Australia

Subsequent to the end of the FY24 reporting period, Novatti announced on 25 July 2024 that it had executed a binding agreement to sell all of its interest in International Bank of Australia (IBOA) for \$2.87m. This followed the strategic review of IBOA finding it unlikely to contribute to Novatti's long term financial goals.

Under the terms of IBOA's restricted authorised deposit-taking licence, IBOA was required to obtain an Authorised Deposit Taking Licence or cease its banking business by 2 November 2024. The Novatti board was not prepared to provide the additional capital required to underwrite IBOA's financial independence and enable it to obtain a full licence. The sale was completed on 30 July 2024.

Reckon Limited

In November 2023, Novatti divested its 19.9% stake in Reckon Limited and utilised proceeds to fully repay its \$10.5m corporate bond facility as part of the Company's ongoing strategy to streamline its business. Interest payments of approx. \$1.1m per year were saved as a result of the early redemption of the bond, contributing to the Company's aim of achieving positive operating cashflow while also removing limitations on certain strategic activities.





Environmental, Social and Governance

Digital payment solutions empower financial inclusion and literacy, support sustainability programs and help connect our communities

Novatti is committed to environmental and social responsibility. As an emerging Company, we are committed to Environmental, Social and Governance (ESG), which we will continue to strengthen over time, including a formal framework. Novatti acknowledges the constantly evolving social and sustainability requirements and its responsibility to provide transparent reporting against these requirements to all our stakeholders. Ongoing formalisation will enable Novatti to identify, assess and manage those ESG areas which are most relevant to our business.

Novatti is also committed to running our business in an ethical manner. The Company acknowledges and embraces our regulatory and business responsibilities given the importance of the services it provides to the public. Our business is subject to a complex set of laws, regulations and industry requirements in various jurisdictions globally. These include, but are not limited to, financial services, consumer protection, anti-money laundering, and counter-terrorism financing, privacy and data protection, taxation, employment, corporate regulations and corporate governance.

In addition to the regulatory landscape, Novatti has developed a sophisticated ecosystem that leverages Technology, Licences, Partnerships and our Team to deliver its services.

In all jurisdictions in which Novatti operates, we are focused on operating our business in a responsible and compliant manner.



From office recycling programs to promoting eco-conscious practices among our employees, our People Experience team continues to be a driving force behind our sustainability journey

Environmental

Sustainability is a journey. It starts with looking inwards at how we can minimise the potential negative impacts of our own operations to reduce our carbon footprint and waste. The adaptation of our office environments has led to reductions in our energy usage, use of consumables, business travel and office waste. Novatti has formally adopted a hybrid working framework and a reduced office footprint which enables lower carbon emissions. The People Experience team plays a pivotal role in championing environmental sustainability initiatives across our global footprint. From office recycling programs to promoting eco-conscious practices among our employees, our People Experience team continues to be a driving force behind our sustainability journey. By integrating sustainability into our daily operations and company culture, we not only aim to reduce our environmental footprint but also inspire change in the communities that we service.

The nature of Novatti's business, driven by our people and the various digital offerings, means that Novatti is not a significant consumer of energy or water. However, as we further develop our formal framework, we will be considering these areas from a perspective of monitoring and improving usage.

Social

The Novatti Board acknowledges that our people are at the core of who we are. This is why we place them at the centre of our ecosystem to deliver on our Vision.

Our Vision

Novatti enables businesses to
pay and be paid from any device,
anywhere.

From corner stores and start-ups to
global organisations, our solutions will
unlock your ambitions.

Novatti

Our Values

Novatti places a strong emphasis on recruiting and retaining talent that enhances our values-driven culture. The accumulation of our collective experience, shared values, and individual skills allow Novatti to deliver on its vision. The values that empower our people are:



Unlocking the ambitions of our team and clients starts with a positive mindset



We are deliberate in what we do to focus our energy and deliver the best possible outcomes for our team and clients



By keeping it simple, we avoid confusion, achieve alignment, and in turn achieve great things together



Novatti is one, connected team. Together we celebrate our success and turn mistakes into shared learnings.



With integrity we develop stronger relationships with our team and our clients





Novatti has adopted a Diversity Policy to assist it in attracting, developing and retaining people who are highly competent and can contribute to its long-term success and values

Our Workforce

Novatti's workforce has grown and diversified as we have matured as a business and will continue to do so. Novatti does not have any enterprise agreements - all team members are employed on above award common law contracts.

Novatti has adopted a Diversity Policy to assist it in attracting, developing and retaining people who are highly competent and can contribute to its long-term success and values by bringing a broader range of perspectives, experience and ideas.

Our Diversity Policy includes the provision of Equal Opportunity and Non-Discrimination which is backed up by Novatti's Whistleblower Policy and procedures

Our Diversity Profile

The Company has set a diversity objective by 2025 to have 30% or greater female representation in the total workforce, in senior roles and on the Board of Directors.

The Company has set a diversity objective by 2030 to have 40% or greater female representation in the total workforce, in senior roles and on the Board of Directors.

When Novatti established these diversity objectives, it was cognisant that achieving them is influenced by many factors including:

- The need to hire the best qualified person for the available job as established by the Company's Diversity Policy
- Changes in the number of people employed due to expansion or reduction in future business activities of the Company
- Changes in the composition of the workforce due to resignations, redundancies or terminations.

As at 30 June 2024, Novatti's employees in a full-time and part-time capacity included 40% female (2023 - 39%) and 60% male (2023 - 61%).

Novatti considers a senior role as one which is on or reporting into the CEO. As at 30 June 2024, three females (2023 - four) held a senior role, representing 33% of the CEO's full time reports

Health and Wellness

The health and safety of our team members and contractors remains a top priority for Novatti. Over the last five years, there have been no work-related accidents at Novatti, which speaks to the strength of our secure working environment and our dedication to the well-being of our team. This year, we enhanced our focus on Diversity, Equity, and Inclusion (DE&I), leading to recognition at the 2024 Fintech Australia awards, where we proudly received the Best Workplace Diversity award. Our flexible working structure continues to empower team members to achieve a work-life balance that suits their individual needs, fostering both personal and professional growth. These initiatives align with our core values and corporate responsibility, ensuring that every team member thrives.



Novatti prioritises employee well-being by offering initiatives and activities which cover mental health, physical fitness and financial stability

Governance

Novatti has established a Code of Conduct which outlines how it expects its people to not only comply with the law, but also to conduct themselves in a manner consistent with community and corporate standards.



The Novatti Board acknowledges that it is accountable to shareholders and must ensure that the Company is properly managed and protected to enhance shareholder value by ensuring the long-term strength of Novatti's business. Novatti recognises that its reputation is a valuable asset, which is based largely on the ethical behaviour of the people who represent the Company. Novatti has established a Code of Conduct which outlines how it expects its people to not only comply with the law, but also to conduct themselves in a manner consistent with community and corporate standards.

Novatti has established various statements and policies to support this Code of Conduct including:

- Board Charter
- Statement of Values
- Corporate Governance Statement
- Anti-Bribery and Anti-Corruption o Risk Management, Internal Compliance and Control
- Whistleblowing o Procedures for Selection and Appointment of Directors
- Performance Evaluation for Directors and Executives
- Director Skills Matrix
- Remuneration of Directors and Executives
- Continuous Disclosure
- Shareholders Communication
- Securities dealing by Directors and Employees

In respect to our People, Novatti has also established various policies, including, but not limited to:

- Conflict of Interest
- Diversity and Inclusion
- Modern Slavery
- Employee Incentive Scheme

These policies are all available on Novatti's website at:

<https://novatti.com/corporate-governance>.

In addition to public facing policies, Novatti has an internal Intranet for staff providing a suite of policies, procedures and templates for use by our teams.

These include, but not limited to the areas of:

- Human Resources
- Information Technology
- Operational
- Marketing
- Risk and Compliance
- Information Security
- Legal
- Anti-Money Laundering

Novatti has adopted a Code of Ethics, which details the underlying values to support the integrity of its business

Business Ethics

Acting ethically is critical to Novatti's reputation and business. We have a strong culture of risk and compliance throughout our business. To maximise the protection available to our customers we invest in banking relationships; systems and security; fraud protection; and our processes, people and systems.

Novatti has adopted a Code of Ethics, which details the underlying values to support the integrity of its business. This Code operates alongside Novatti's Anti-Bribery and Anti-Corruption policy, Anti Money Laundering Requirements, Modern Slavery Policy and the overarching Code of Conduct. Novatti has also implemented a Legal and Regulatory Compliance





Data security and information protection are embedded in our operational practices and provides a secure environment for both data and systems.

Data Protection and Information Security

Novatti places paramount importance on data protection and information security. Our information security management system is ISO 27001:2013 certified. This investment reflects our commitment to global information security standards, proactive risk mitigation and continuous improvement. Additionally, we employ a "Defence in Depth" strategy to safeguard data, creating multiple layers of protection. Our multi-layered cybersecurity defence system includes network security, access controls, data encryption, employee training, incident response plans, penetration testing and 24x7 security monitoring.

Data security and information protection are embedded in our operational practices and provides a secure environment for both data and systems.

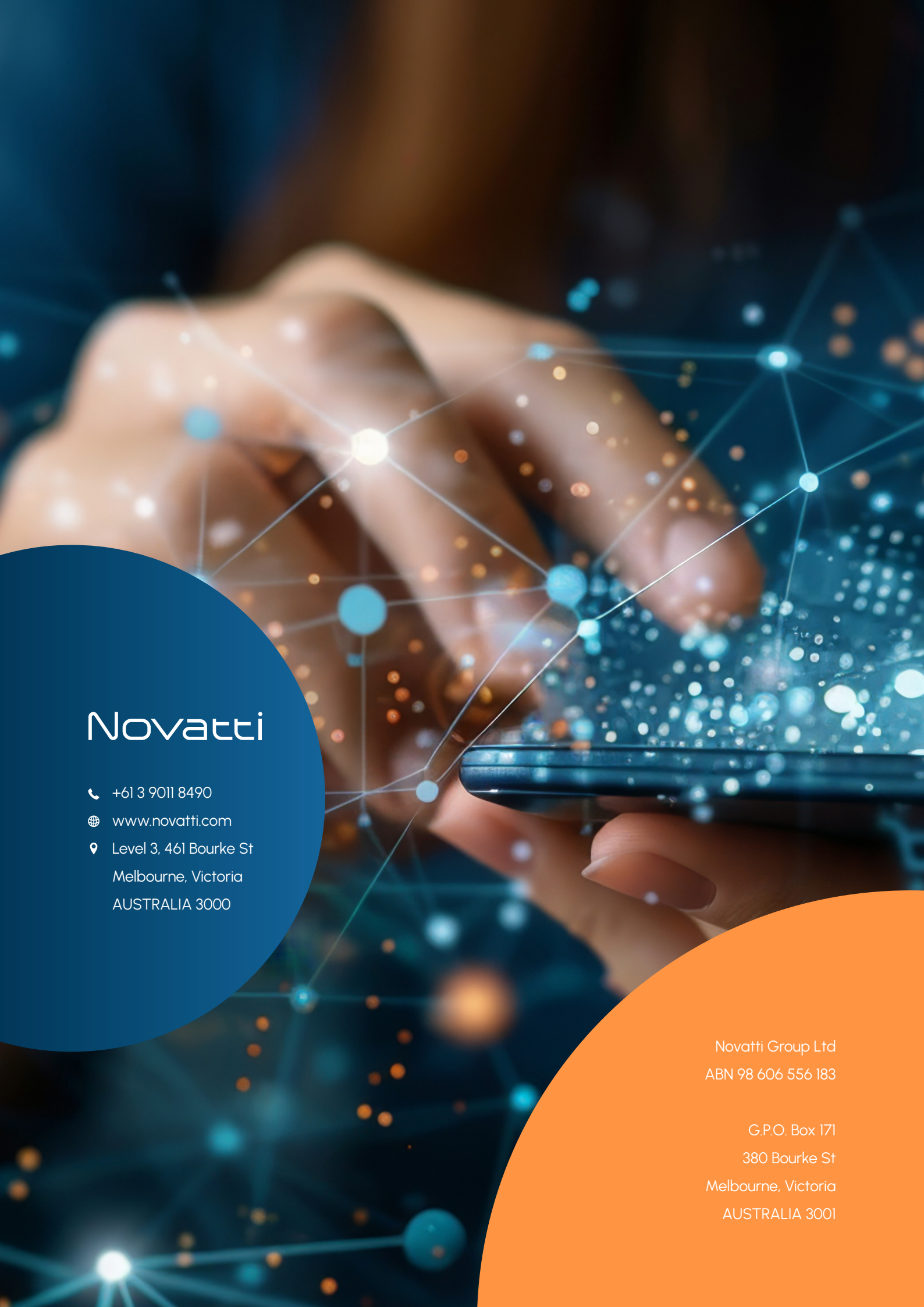
Moving Money Safely

As a business that moves significant funds for customers around the world every day, it is critical that Novatti manages its risks in a way that maintains the trust of our customers, partners and banks, and meets the expectations of regulators. We have a strong culture of risk and compliance, with particular emphasis on the responsibility that Novatti has as an international and domestic payments services provider to help prevent and detect financial crime.

We look forward to seeing our ESG framework develop and strengthen going forward to the benefit of all our stakeholders.

Annual Report 30 June 2024

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Novatti

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Novatti Group Limited
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') consisting of Novatti Group Limited (referred to hereafter as the 'Company', 'Novatti' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were directors of Novatti Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Peter Pawlowitsch (Non-Executive Chairman)
Peter Cook (Executive Director)
Kenneth Lai (Non-Executive Director)
Killian Murphy (Non-Executive Director)

Principal activities

Novatti Group Limited is a leading fintech that enables businesses to pay and be paid, from any device, anywhere. Solutions include issuing, acquiring, processing, and billing.

Dividends

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

Review of operations

The Group's revenue increased by 10.1% to \$42,899,000 (30 June 2023: \$38,979,000). The underlying EBITDA* improved by 20% to a loss of \$12,048,000 compared to the corresponding prior year of \$14,989,000 loss.

The loss for the consolidated entity after providing for income tax amounted to \$20,603,000 (30 June 2023: \$26,545,000).

The net asset position decreased from \$15,234,000 to \$241,000 as at 30 June 2024, with \$5,208,000 held in cash and cash equivalents excluding asset held for disposal.

	2024	2023	Change	Change
	\$'000	\$'000	\$'000	%
Net loss from operations	(20,603)	(26,545)	5,942	(22%)
Less:				
Interest income	(1,445)	(503)	(942)	187%
Add back:				
Depreciation and amortisation	2,113	2,211	(98)	(4%)
Finance charges	1,504	1,382	122	9%
Indirect tax expenses	-	109	(109)	(100%)
EBITDA	(18,431)	(23,346)	4,915	(21%)
Add back/(less)				
Vesting of share-based payments	1,057	2,265	(1,208)	(53%)
Losses/(gains) on fair valuation of investments	2,639	15,877	(13,238)	(83%)
(Gains)/losses on embedded derivative	(823)	-	(823)	-
Dividends from Reckon Limited	(563)	(13,511)	12,948	(96%)
Termination payments	953	387	566	146%
Loss from discontinued operations	3,120	3,339	(219)	(7%)
Underlying EBITDA*	(12,048)	(14,989)	2,941	(20%)
Cash	5,208	18,215	(13,007)	(71%)
Operating cash flow	(13,425)	1,393	(14,818)	(1064%)

* Underlying EBITDA is a non-IFRS measure calculated as profit before income tax, and before depreciation and amortisation, share based payments, net finance costs, due diligence costs, fair value movement on embedded derivative, restricting costs and discontinued operations. The Company believes this non-IFRS and operational measure is useful in monitoring and understanding the Group's business and they should not be considered in isolation nor as a substitute for IFRS measures.

Significant changes in the state of affairs

On 16 November 2023, the Company announced that it had agreed the sale of its 19.9% holding in Reckon Limited (ASX: RKN) ("Reckon") at \$0.40 per share for an aggregate price of \$8.9 million and would redeem and fully repay its \$10.5 million corporate bond facility.

Convertible notes

On 2 January 2024, the Company received binding commitments for the issue of convertible notes ("Notes") in the amount of \$3.5 million, comprising \$2.75 million from professional and sophisticated investors and an additional \$750,000 from directors and management. The issue of the Notes occurred over two tranches.

Tranche 1 comprised binding commitments to raise \$1.46 million (before costs of the offer) and the Notes were issued on 8 January 2024.

Tranche 2 comprised binding commitments to raise a further \$2.04 million (before costs of the offer) and the Notes were issued on 15 February 2024 following shareholder approval.

The key terms and conditions of the Notes are as follows:

- Each Note has a face value of \$1.00.
- Each Note attracts a coupon of 10% per annum, payable quarterly in arrears. Noteholders may elect prior to the issue of the Notes to receive interest either in cash or capitalise accrued interest on a monthly basis.
- Notes have a maturity date of 22 December 2026.
- Notes (including any capitalised interest) may be converted by Noteholders into fully paid ordinary shares in the Company (Shares) at any time up to the maturity date. The conversion price is the lower of 6 cents and the next capital raising price, subject to a floor price of 4 cents.
- The Company may not redeem the Notes prior to the maturity date.
- Notes issued to non-directors and management will be secured by way of a general security agreement with the Company and share mortgages over three operating subsidiary companies in the Novatti group. Notes issued to directors and management will be unsecured but otherwise on the same terms.

The Company also issued 29,166,167 options to Noteholders with an exercisable price of 9.5 cents each and expiring on 31 January 2027 ("Options") on 22 February 2024.

Share Purchase Plan

On 4 March 2024, upon completion of a Share Purchase Plan ("SPP"), the Company issued 13,708,376 shares at \$0.06 (6 cents) per share and raised \$823,000. The Company also issued 6,854,194 free-attaching Options with an exercise price of 9.5 cents each and expiring on 31 January 2027.

Self funding for key growth initiatives

On 24 January 2024, the Company announced that AUDD had closed its pre-seed funding round and raised \$600,000 before costs. The completion of this funding round resulted in AUDD obtaining a pre-money valuation of \$2,400,000, with the Company, through AUDC Pty Ltd retaining an 80% interest.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 25 July 2024, the Company announced that it had entered into a binding agreement with Euris Capital Pty Ltd for the sale of 100% of its shares in IBOA Group Holdings Pty Ltd for \$2.87 million. The sale was completed on 30 July 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

As part of the strategy to simplify Novatti, all businesses within the portfolio have been undergoing a strategic review with a focus on their contribution to Novatti's immediate goal to achieve positive operating cash flow, and long-term goal of contribution towards Novatti's 70% gross margin on payment processing.

The strategic review remains ongoing, including the review of the financial and operating performance of customers and services. For example, during Q4 Novatti ceased offering wholesale (as opposed to B2B) cross border payment services due to the high compliance costs and low overall profitability. While this specific customer segment contributed ~\$1.5m to annual revenue, it is not considered to contribute positively to Novatti's long term financial targets, particularly positive cashflow and margins. Novatti will still continue to provide cross-border support for B2B customers going forward, as this is considered an important differentiator as a complementary product to existing and new mid-sized customers, and still aligns with long-term financial targets. The new strategy initiated in FY24 is focussed on the Payments AU/NZ Division and growth through payment solutions targeted at mid-sized businesses and software distribution platforms.

The Company believes there is significant growth opportunities with the use of stablecoins as a future payment solution. Providing a fully collateralised digital representation of the Australian dollar, AUDD has been developed to meet continuing strong demand for digital currencies and improved payment services. The Company continues to see strong demand for its services globally, as the macro-level shifts to digital payments shows no sign of easing. The Company remains confident that this strong global demand will continue to support its growth going forward.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Key business risks

Going concern

The financial statements for the period ended 30 June 2024 have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. During the 12 month period the entity recorded revenue of \$42,899,000, a net loss after tax of \$20,603,000 and incurred net cash outflows from operating activities of \$13,425,000.

The Group's ability to continue as a going concern is dependent upon its ability to generate positive cash flow from its business operations. The above matters described indicate that a material uncertainty exists that may cast significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors are planning for the business to reduce net operating cash outflows during FY25 by increasing cash receipts from customers and further reducing costs in order to work towards positive future operating cash flow;
- The Group owns a number of investments that the Group can potentially sell;
- The entity has historically demonstrated its ability to raise funds to satisfy its cash requirements;
- Management are actively considering the future capital requirements of the entity and will consider all funding options as required;
- The Directors are able and willing to defer amounts owed to them in cash or settle outstanding obligations, including director fees in equity instruments (subject to shareholder approval if applicable) until such time as the Group has sufficient working capital to settle the obligations in cash;
- The Group is undertaking a simplification strategy to extract more value from existing resources rather than adding extra cost and has the ability to scale back certain activities that are non-essential to existing customers so as to conserve cash; and
- Post year end, the Group divested 100% of its remaining interest in the IBOA Group Holdings Pty Ltd raising \$2.87 million in cash. The directors may consider, if required, the sale or dilution of the Group's interest in other non-core business assets.

Regulatory and licencing risk

The Company operates in a complex regulatory environment and in jurisdictions that have varying degrees of enactment and implementation of regulations.

The financial services sector in Australia and other markets in which the Company operates are subject to stringent and complex regulations. A failure to comply with financial license conditions, or related regulatory requirements including KYC and AML, may adversely affect the Company and its business units.

In addition, changes to the regulations themselves or the way such regulations are interpreted, implemented or enforced may affect the Company's platforms or products in those jurisdictions or the ability of the Company or its partners to conduct business in those jurisdictions.

Growth and Profitability (dependent on increasing market penetration)

The Company continues to trade in a loss-making position, incurring operating cash outflows as it strives to achieve positive operating cash flows through growth.

The Company's future growth and profitability is dependent on continuing to increase customer acquisition and usage of its products, particularly in the focus area of Payments AU/NZ. Its key strengths are the strong market and domain knowledge of payments, flexible approaches to value exchange, and the breadth of payments capabilities to drive tailored solutions into new target verticals.

A failure to continue to innovate and add new functionality to its platforms, and to operate its platforms at a standard that will retain clients and attract new clients could lead to customers not renewing their engagement with the Company which could adversely impact the Company's financial performance and/or operations. If the Company is not able to grow revenues and cash receipts, reduce operating costs or obtain additional financing as needed, it may be required to reduce the scope of its operations and may be prevented from progressing the commercialisation of its technology.

Reliance on key suppliers and third party platforms

The Company relies on a range of third-party vendors and suppliers to deliver services to customers in a range of markets, including white labelled platforms, onboarding, processing, transaction facilitation, distribution and banking facilities. The Company expects there is a need to transition away from at two key platforms providers in the near term which will involve execution and customer migration risks. In some cases, limited alternatives are in place or implementing alternatives may involve significant time and cost. If single suppliers were to discontinue operations, adjust their risk appetite or otherwise restrict services, the Company may need to limit the scope of operations, discontinue certain products or withdraw from certain markets.

The Company's products and services are intended for use across a number of internet access platforms, mobile and desktop devices and software operating systems. The Company depends on the ability of its products and services to operate on such platforms, devices and operating systems however it cannot control the maintenance, upkeep and continued supply of effective service from external suppliers in these areas. Any changes in such platforms, operating systems or devices that adversely affect the functionality of the Company's products and services or give preferential treatment to competitive products and services could adversely affect usage of the Company's products and services.

Reliance on access to and confidence in telecommunications and internet access

In some instances, the Company will depend on the ability of the end consumer and its customers to access a deployed solution over telecommunications and internet access and to feel confident processing financial transactions online.

Ability to run effective and reliable financial and payments systems.

The Company develops, deploys, maintains and operates financial and payments systems technology. There is little tolerance for error or downtime in such systems and the Company must maintain effective and reliable system performance for all customers. Should the Company experience significant and unanticipated errors and downtime, there may be a loss of ongoing confidence in the Company's products that may negatively impact ongoing revenue and sales prospects.

Operational Risk

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events which affect our business. Our business is exposed to operational risks such as external and internal fraud, processing errors, system or hardware failure and failure of information security systems. Loss from operational risk events could divert investment from new products into remediation of existing systems and processes, damage client relations or our reputation, adversely affect our financial results or position, as well as divert staff away from their core roles to remediation activity. In addition, losses could include legal or remediation costs and loss of property and/or information.

Reliance on key senior staff

The Company's operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations.

Reliance on continual product development

The Company's ability to grow the use of its products and generate revenue will depend in part on its ability to continue to innovate and develop features for existing products and additional products.

Competition

The Company competes with other businesses and companies. Many of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities.

Changes in technology

The Company's success will depend, in part, on its ability to expand its products and grow its business in response to changing technologies, customer behaviours and third-party service providers' demands and competitive pressures. Further, the cost of responding to changing technologies is unpredictable and may impact the Company's profitability or, if such cost is prohibitive, may reduce the Company's capacity to expand or maintain its business.

Data loss, theft or corruption

The Company, its hosting providers, and networks are required to adhere to their own and customers' security and compliance standards. If adequate safeguards and measures to mitigate breaches are not provided and maintained, it could negatively impact upon the Company's reputation, revenues and profitability. If the Company's security measures are breached, or if its products are subject to cyber-attacks that expose or restrict customer access to the platform or their data, its' solutions may be perceived as less secure than competitors and customers may stop using the Company's products.

Liquidity and realisation risk

There can be no guarantee that an active market in the shares will be maintained or that the price of the shares will increase. A Company with a limited free float may experience relatively few potential buyers or sellers at any given time and this may increase the volatility of the market price of the shares.

Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and further debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or scale back its product or market development.

Potential acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

International business risks

The Company has operations internationally. Wherever the Company sets up operations it is exposed to a range of political and multi-jurisdictional risks such as risks relating to labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which the Company operates. Businesses

that operate across multiple jurisdictions face additional complexities from the unique business requirements in each jurisdiction.

Sustainability and climate change risk

Environmental, Social and Governance (ESG) risks are becoming increasingly relevant to all businesses in Australia. The possible effects of climate change may impact the prosperity of economies, environments and societies all around the world. Although our operations are not subject to any particular and significant environmental regulation under any law of the countries in which we operate, this area and associated governmental responses have potential impact on our business in unknown ways.

The Management Risk Committee consisting of the CEO, CFO and Head of Corporate Services meet on a regular basis to review the company's risk profile, risk register and risk control posture against open and any new risks. Any significant changes in risk profile or risks are discussed, documented, assessed and then action plans updated or established as required to ensure a suitable level of mitigation relative to the risk appetite of the Company.

Information on directors

Name:	Peter Pawlowitsch
Title:	Non-Executive Chairman
Qualifications:	BCom, CPA MBA, FGIA
Experience and expertise:	Peter is an accountant by profession, with extensive experience as a director and officer of ASX-listed entities. He brings to the team experience in operational management, business administration and project evaluation in the IT, hospitality and mining sectors gained during the last 15 years
Other current directorships:	Non-Executive Chairman, Qoria Ltd (formerly Family Zone Cyber Safety Ltd) (ASX: QOR) Non-Executive Director, VRX Silica Ltd (ASX: VRX) Executive Director (40%), Dubber Corporation Ltd (ASX: DUB)(Acting CEO from 1 March 2024 to 9 September 2024), Dubber Corporation Ltd (ASX: DUB)
Former directorships (last 3 years):	Non-Executive Director, Knosys Ltd (ASX: KNO)
Special responsibilities:	Member of Audit, Risk and Compliance Committee
Interests in shares:	4,067,295 fully paid ordinary shares
Interest in convertible notes:	500,000 convertible notes
Interests in options:	6,316,581 unlisted options and 4,166,667 listed options
Name:	Peter Cook
Title:	Executive Director (retired as Managing Director and Chief Executive Officer on 15 June 2023)
Qualifications:	BSc, Grad Dip Computing, Grad Dip Securities, GAICD
Experience and expertise:	Peter has over 25 years of experience as a director and executive with companies including Coopers & Lybrand (now PWC), Catsco Pty Ltd and Advanced Network Management Pty Ltd (Telstra joint venture company) and many start-up technology companies. Peter's career has been largely based on founding and leading multiple telecommunications and payments companies. Unidial Pty Ltd and Ezipin Canada Inc. are such examples and all with successful exits to private and public companies. Peter was a non- executive Director and Deputy Chairman of ASX-listed Senetas Corporation Limited from June 1999 to January 2006
Other current directorships:	None
Former directorships (last 3 years):	Non-Executive Director, P2P Transport Limited (ASX: P2P)
Special responsibilities:	Member of Audit, Risk and Compliance Committee
Interests in shares:	13,674,571 fully paid ordinary shares
Interest in convertible notes:	125,000 convertible notes
Interests in options:	20,064,503 unlisted options and 1,041,667 listed options

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Name: Kenneth Lai
Title: Non-Executive Director
Qualifications: BSc Majoring in Computer Science
Experience and expertise: Kenneth is the managing director and wholly owner of Prestige Team Limited, an investment company which, together with its subsidiaries, holds an investment portfolio in Hong Kong and Southeast Asia. Prestige Team Limited has interests in real estate, payment processing, digital marketing and information technology support services. Kenneth has funded and invested in various Silicon Valley technology funds focusing on business opportunities within Asia. He also co-founded Legend World Development Technology Limited, a limited liability company incorporated in Hong Kong, which provides information technology solutions and integrated marketing solutions to business setups, and in which he is a shareholder and advisor.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 13,309,971 fully paid ordinary shares
Interest in convertible notes: Nil
Interests in options: 4,179,546 unlisted options and nil listed options

Name: Killian Murphy
Title: Non-Executive Director
Experience and expertise: Mr Murphy is a Stockbroker with more than 15 years of experience working in capital markets across Ireland, UK, US and Australia. He currently works for MST Financial, a research driven full service Stockbroker servicing domestic and international institutional investors. Prior role includes Head of Industrials for Petra Capital as well as CIMB Australia and Davy (UK and Ireland).

During this time, he has worked with a number of established and emerging tech and payments companies, assisting them in crafting their message for institutional investors and accessing growth capital.

Mr Murphy holds a Master of Arts (Economics) and a Bachelor of Arts (Hons) in Economics from University College Dublin, National University of Ireland.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of the Audit, Risk and Compliance Committee
Interests in shares: Nil
Interests in convertible notes: Nil
Interests in options: 2,651,118 unlisted options and nil listed options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Chief Executive Officer

Mark Healy

Mark has held several senior roles in the Payments industry including most recently as Managing Director of Global Payments Oceania, and prior roles as Chief Operating Officer for Ezidebit and eWAY, and Managing Director (UK), EVP and Chief Risk Officer for the Neovia Financial (now Paysafe) Group in the United Kingdom.

Chief Financial Officer

Dharshini Mendez

Dharshini has held multiple senior leadership roles focused on driving organisational growth and has extensive experience in transformation and change management across Telstra, Australia Post and ASX listed Melbourne IT. Dharshini's academic credentials include a Bachelor of Business Studies (Hons) Degree and Masters in Business Accounting and is also a Certified Practising Accountant (CPA).

Company secretaries

Ian Hobson

Ian was appointed Company Secretary on 12 October 2015 and holds a Bachelor of Business degree, is a Chartered Accountant and Chartered Secretary. Ian provides secretarial services and corporate, management and accounting advice to a number of listed companies. Ian's fees are based on a fee for service arrangement.

Steven Stamboultgis

Steven was appointed Company Secretary on 15 March 2021 and was the Chief Financial Officer of the group till 31 March 2023. Steven holds a Bachelor of Business Degree and Master in Commercial Law. He is a Certified Practising Accountant. Steven's fees are based on a fee for service arrangement.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Audit, Risk and Compliance Committee	
	Attended	Held	Attended	Held
Peter Pawlowitsch	17	17	2	2
Peter Cook	17	17	2	2
Kenneth Lai	15	17	-	-
Killian Murphy	15	17	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The full Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

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Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. For the year ended 30 June 2024, there was no advice from independent remuneration consultants. The Chairman's fees are determined independently to the fees of other non-executive directors based on similar roles in the external market. The Chairman, nor other non-executive directors are not present at any discussions relating to the determination of their remuneration. Non-executive directors do receive share options.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The total maximum remuneration of non-executive directors was set by the Constitution and subsequent variation is by ordinary resolution of Shareholders at a general meeting in line with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The maximum remuneration has been set at an amount not to exceed \$500,000. The current level of fees was approved at the Group's 27 November 2018 Annual General Meeting.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

Remuneration policies and arrangements as well as incentive targets for the Key Executive Members of the Group including the Chief Executive Officer ("CEO"), and the Chief Financial Officer are reviewed by the Board with the CEO does not present at any discussions relating to the determination of his remuneration.

The Group rewards its executives with a level and mix of remuneration based on their position and responsibility, which may have both fixed and variable components.

The executive remuneration and reward framework can have four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments or long-term performance incentives
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Short Term Incentive program (STI)

The STI program may award a cash bonus or equity instrument (shares or options) based on key members achieving targets from a Group, Business Unit and individual perspective.

STI awarded to each executive depends on the extent to which specific targets set at the beginning of the financial year by the Board or the CEO are met. Targets are set by the board for the Key Executive Members and the remaining executives have targets set by the CEO which are approved by the board through the budgeting process.

The targets consist of financial and non-financial Key Performance Indicators ('KPIs'). These may include but are not limited to:

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- Product management and project platform implementation
- Financial and Business Unit operational targets linked to the achievement of the Group's growth in annual sales revenue and controllable financial drivers including cash, market growth (including geographical market growth), expense management control and capital management improvement
- Corporate development matters including employment, retention, and remuneration of core personnel, leadership and succession, cultural development and communication activities
- Establishment of business operational frameworks and procedures as well as Risk Management in respect of financial and operational issues

These measures were chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value.

Long Term Incentive program (LTI)

LTI awards are reviewed annually to executives and are provided in order to align the remuneration of Key Executive Members with the creation of shareholder value. LTI comprise equity instruments including shares and options, where the incentive involves the time-based vesting of options on the basis that the executive or employee continues to be employed by the Group and are eligible under the Company's Employee Incentive Plan ('EIP').

The vesting of these awards is dependent on the length of time and service of the executive or employee, and alternatively, they can also be awarded at the discretion of the Board.

In addition, the CEO has performance options that are tied to total shareholder return with that being measured by providing share price targets.

The achievement of the Group's strategic and financial objectives is the key focus of the efforts of the Group. As indicated above, over the course of each financial year, the Board reviews the Group's executive remuneration policy to ensure that the remuneration framework remains focused on driving and rewarding executive performance, while being closely aligned to the achievement of Group strategic objectives and the creation of shareholder value.

LTIs are based on participation of the EIP. LTI, based on equity remuneration (being either the issue of securities and or rights or the issue of options), are made in accordance with objectives for the Company's financial performance, scale and customer engagement. By using the Group's EIP to offer shares and options to employees, the interest of employees is aligned with shareholder wealth. A copy of the EIP can be found via the Group's website.

Consolidated entity performance and link to remuneration

The following table illustrates how the Group's remuneration strategy aligns with the Group's strategic direction and links remuneration outcomes to performance:

Novatti Group's business objective:

Novatti Group Limited is a leading fintech that enables businesses to pay and be paid, from any device, anywhere. Solutions include issuing, acquiring, processing, and billing.

Align the interest of executives with shareholders

- The remuneration strategy incorporates "at-risk" components, with short-term paid in cash and long-term elements delivered in equity
- Performance is assessed against a suite of financial and non-financial measures relevant to the success of the Company and generating returns for shareholders

Attract, motivate and retain high performing individuals

- Remuneration is competitive with companies of a similar size and complexity
- Deferred and long-term remuneration is designed to encourage long-term consistent performance and employee retention

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Remuneration Component	Vehicle	Purpose	Link to Performance
Fixed Remuneration	Consisting of base salary, superannuation and nonmonetary benefits. Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.	To provide competitive fixed remuneration set with reference to role, market, experience and performance.	Reviewed annually by the Board, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.
Short Term Incentive	Is paid in cash or equity.	This is designed to reward executives for their contribution to the achievement of annual Group, business unit and individual outcomes.	Directly linked to pre-agreed KPIs. Reviewed regularly with the relevant executive member. Final performance is determined by the Board.
Long Term Performance	Equity including Options, Shares and/or Rights.	Reward executives for their contribution to the creation of shareholder value over the longer term.	It aims to align the targets of the business units with the targets of those executives responsible for meeting those targets.

Details of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel (KMPs) of the consolidated entity are:

- Peter Pawlowitsch (Non-Executive Chairman)
- Peter Cook (Executive Director)
- Kenneth Lai (Non-Executive Director)
- Killian Murphy (Non-Executive Director)

Other key management personnel:

- Mark Healy (Chief Executive Officer)
- Alan Munday (Group Chief Operating Officer) (Resigned on 31 August 2023)
- Dharshini Mendez (Chief Financial Officer)

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Amounts of remuneration

	Short-term benefits	Short-term benefits		Long-term benefits	Post- employment benefits	Share- based payments	
	Salary and fees	Non- monetary	Annual leave	Long service leave	Super- annuation	Equity- settled	Total
2024	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Peter Pawlowitsch [^]	-	-	-	-	14,250	111,650	125,900
Kenneth Lai [^]	-	-	-	-	-	96,723	96,723
Killian Murphy [^]	-	-	-	-	7,125	53,618	60,743
<i>Executive Directors:</i>							
Peter Cook ^{#,***}	131,158	13,977	2,875	1,716	20,728	228,755	399,209
<i>Other Key Management Personnel:</i>							
Alan Munday [*]	276,641	-	-	-	4,583	8,810	290,034
Dharshini Mendez ^{**}	310,606	9,300	19,542	606	27,500	57,919	425,473
Mark Healy ^{***}	323,106	33,945	28,956	2,049	27,500	468,529	884,085
	1,041,511	57,222	51,373	4,371	101,686	1,026,004	2,282,167

[^] All Non-Executive Directors received ZEPOs in lieu of cash.

[#] Peter Cook received cash salary and ZEPOs in lieu of cash during the year ended 30 June 2024.

^{*} Resigned as Group Chief Operating Officer on 31 August 2023. Alan Munday's cash salary includes annual and long service leave pay-out of \$149,568 and termination payment of \$78,424.

^{**} Salary and fees include communication allowance.

^{***} The short-term non-monetary benefits of Peter Cook and Mark Healy have been settled share-based payments.

	Short-term benefits	Short-term benefits		Long-term benefits	Post- employment benefits	Share- based payments	
	Cash salary and fees	Non- monetary	Annual leave	Long service leave	Super- annuation	Equity- settled	Total
2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Peter Pawlowitsch	89,186	-	-	-	9,364	413,200	511,750
Kenneth Lai	-	-	-	-	-	275,467	275,467
Steven Zhou	-	-	-	-	-	-	-
Killian Murphy ⁽ⁱ⁾	20,736	-	-	-	2,178	275,467	298,381
Abigail Cheadle ⁽ⁱⁱ⁾	23,529	-	-	-	2,471	-	26,000
<i>Executive Directors:</i>							
Peter Cook	318,000	-	18,588	21,959	14,250	826,400	1,199,197
<i>Other Key Management Personnel:</i>							
Alan Munday	291,895	-	30,188	19,122	27,500	9,281	377,986
Steven Stamboultgis ⁽ⁱⁱⁱ⁾	230,746	4,050	(55,957)	(17,318)	17,229	4,640	183,390
Dharshini Mendez ^(iv)	63,716	-	(1,943)	123	6,677	58,139	126,712
Mark Healy ^(v)	14,885	-	1,335	29	1,269	32,638	50,156
	1,052,693	4,050	(7,789)	23,915	80,938	1,895,232	3,049,039

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- (i) Killian Murphy was appointed on 13 October 2022
- (ii) Abigail Cheadle resigned on 28 December 2022
- (iii) Steven Stamboultgis resigned as Chief Financial Officer effective 31 March 2023
- (iv) Dharshini Mendez was appointed as Chief Financial Officer on 3 April 2023
- (v) Mark Healy was appointed as Chief Executive Officer on 15 June 2023

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
Peter Pawlowitsch	11%	19%	-	-	89%	81%
Kenneth Lai	-	-	-	-	100%	100%
Killian Murphy	12%	8%	-	-	88%	92%
Abigail Cheadle	-	100%	-	-	100%	-
<i>Executive Directors:</i>						
Peter Cook	39%	31%	4%	-	57%	69%
<i>Other Key Management Personnel:</i>						
Alan Munday	97%	98%	-	-	3%	2%
Steven Stamboultgis	-	97%	-	-	-	3%
Dharshini Mendez	84%	54%	2%	-	14%	46%
Mark Healy	43%	38%	4%	-	53%	62%

Service agreements

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

Name:	Mark Healy
Title:	Chief Executive Officer
Agreement commenced:	15 June 2023
Term of agreement:	The term is not fixed.
Details:	Base salary of \$322,500 (excludes statutory superannuation).

Remuneration is subject to an annual review to be conducted by the Board. Factors to be considered include personal competency progression, achievement of personal development targets and KPIs, company remuneration policy, its financial position and current market equivalent positions. KPIs to be agreed each year and may be varied by mutual agreement between the Executive and the Board.

The agreement may be terminated, (A) with six months' notice from the Group or six months from the executive, or payment in lieu of notice at the Group's election (subject to the limitation of the Corporations Act and Listing Rules), (B) by Novatti on six months' notice period, if the executive is unable to perform his duties due to illness, accident or incapacitation, for six consecutive months or a period aggregating more than six months in any 12-month period or (C), summarily following material breach or in the case of serious misconduct.

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Name: Dharshini Mendez
Title: Chief Financial Officer
Agreement commenced: 17 April 2023
Term of agreement: The term is not fixed.
Details: Base salary of \$310,000 (excludes statutory superannuation).

Remuneration is subject to an annual review at review date to be conducted by the Remuneration Committee (or in the absence of a Remuneration Committee, the Managing Director). Factors to be considered include personal competency progression, achievement of personal development targets and KPIs, company remuneration policy, financial position and performance and current market equivalent positions. KPIs to be agreed each year and may be varied by mutual agreement between the Executive and the Remuneration Committee.

The agreement may be terminated, (A) with three months' notice from the Group or three months from the executive, or payment in lieu of notice at the Group's election (subject to the limitation of the Corporations Act and Listing Rules), (B) by Novatti on three months' notice period, if the executive is unable to perform his duties due to illness, accident or incapacitation, for six consecutive months or a period aggregating more than six months in any 12-month period or (C), summarily following material breach or in the case of serious misconduct.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to key management personnel as part of compensation during the year ended 30 June 2024.

Options

The table below set out the options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

Name	Service / Market conditions	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value at per option grant date
Peter Cook	Market	833,334	25/11/2020	01/12/2020	30/11/2024	\$0.27	\$0.11
Peter Cook	Market	833,333	25/11/2020	01/12/2020	30/11/2024	\$0.27	\$0.11
Peter Cook	Market	833,333	25/11/2020	01/12/2020	30/11/2024	\$0.27	\$0.12
Peter Pawlowitsch	Market	666,667	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.13
Peter Pawlowitsch	Market	666,667	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.14
Peter Pawlowitsch	Market	666,666	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.15
Peter Cook	Market	1,000,000	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.13
Peter Cook	Market	1,000,000	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.14
Peter Cook	Market	1,000,000	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.15
Kenneth Lai	Market	333,334	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.13
Kenneth Lai	Market	333,333	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.14
Kenneth Lai	Market	333,333	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.15
Alan Munday	Service	250,000	19/04/2022	19/04/2022	19/04/2025	\$0.35	\$0.08
Alan Munday	Service	125,000	19/04/2022	19/04/2023	19/04/2025	\$0.35	\$0.08
Alan Munday	Service	125,000	19/04/2022	19/04/2024	19/04/2025	\$0.35	\$0.08
Mark Healy	Service	833,333	06/07/2022	06/07/2022	06/07/2025	\$0.25	\$0.09
Mark Healy	Service	833,333	06/07/2022	06/07/2023	06/07/2025	\$0.16	\$0.11
Mark Healy	Service	833,334	06/07/2022	06/07/2024	06/07/2025	\$0.16	\$0.11
Peter Pawlowitsch	Market	1,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Peter Pawlowitsch	Market	1,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Peter Pawlowitsch	Market	1,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Peter Cook	Market	2,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Peter Cook	Market	2,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14

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Directors' report
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Name	Service / Market conditions	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value at per option grant date
Peter Cook	Market	2,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Kenneth Lai	Market	666,667	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Kenneth Lai	Market	666,667	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Kenneth Lai	Market	666,666	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Killian Murphy	Market	666,667	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Killian Murphy	Market	666,667	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Killian Murphy	Market	666,666	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Dharshini Mendez	Service	500,000	17/04/2023	17/04/2023	17/04/2026	\$0.18	\$0.09
Dharshini Mendez	Service	500,000	17/04/2023	17/04/2024	17/04/2026	\$0.18	\$0.09
Dharshini Mendez	Service	500,000	17/04/2023	17/04/2025	17/04/2026	\$0.18	\$0.09
Mark Healy	Service	3,000,000	13/06/2023	30/06/2024	30/06/2027	\$0.20	\$0.06
Mark Healy	Service	795,455	13/06/2023	30/06/2024	30/06/2027	\$0.00	\$0.12
Mark Healy	Service	4,772,727	13/06/2023	30/06/2026	30/06/2027	\$0.00	\$0.12
Mark Healy	Market / Service	1,250,000	13/06/2023	30/06/2026	30/06/2027	\$0.20	\$0.05
Mark Healy	Market / Service	1,250,000	13/06/2023	30/06/2026	30/06/2027	\$0.20	\$0.04
Mark Healy	Market / Service	1,250,000	13/06/2023	30/06/2026	30/06/2027	\$0.20	\$0.03
Peter Pawlowitsch	Market / Service	739,421	28/11/2023	28/11/2023	30/06/2027	\$0.00	\$0.08
Peter Pawlowitsch	Market / Service	311,080	28/11/2023	31/03/2024	30/06/2027	\$0.00	\$0.08
Peter Pawlowitsch	Market / Service	311,080	28/11/2023	30/06/2024	30/06/2027	\$0.00	\$0.08
Peter Cook	Market	900,000	28/11/2023	30/06/2026	30/06/2027	\$0.20	\$0.03
Peter Cook	Market	900,000	28/11/2023	30/06/2026	30/06/2027	\$0.20	\$0.02
Peter Cook	Market	900,000	28/11/2023	30/06/2026	30/06/2027	\$0.20	\$0.01
Peter Cook	Market / Service	1,887,230	28/11/2023	28/11/2023	30/06/2027	\$0.00	\$0.08
Peter Cook	Market / Service	568,182	28/11/2023	30/06/2024	30/06/2027	\$0.00	\$0.08
Peter Cook	Market / Service	3,409,091	28/11/2023	30/06/2026	30/06/2027	\$0.00	\$0.08
Kenneth Lai	Market / Service	930,682	28/11/2023	28/11/2023	30/06/2027	\$0.00	\$0.08
Kenneth Lai	Market / Service	124,432	28/11/2023	31/03/2024	30/06/2027	\$0.00	\$0.08
Kenneth Lai	Market / Service	124,432	28/11/2023	30/06/2024	30/06/2027	\$0.00	\$0.08
Killian Murphy	Market / Service	342,801	28/11/2023	28/11/2023	30/06/2027	\$0.00	\$0.08
Killian Murphy	Market / Service	155,540	28/11/2023	31/03/2024	30/06/2027	\$0.00	\$0.08
Killian Murphy	Market / Service	155,540	28/11/2023	30/06/2024	30/06/2027	\$0.00	\$0.08
		<u><u>50,077,693</u></u>					

Novatti Group Limited
Directors' report
30 June 2024

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Number of options granted during the year 2024	Number of options granted during the year 2023	Number of options vested during the year 2024	Number of options vested during the year 2023
Peter Pawlowitsch	1,361,581	3,000,000	1,361,581	-
Peter Cook	8,564,503	6,000,000	2,057,685	-
Kenneth Lai	1,179,546	2,000,000	1,179,546	-
Alan Munday ^(a)	-	-	125,000	125,000
Killian Murphy ^(b)	653,881	2,000,000	653,881	-
Mark Healy ^(c)	-	14,818,182	4,151,515	833,333
Dharshini Mendez ^(d)	-	1,500,000	500,000	500,000

(a) Alan Munday resigned as Group Chief Operating Officer on 31 August 2023

(b) Killian Murphy was appointed as a Non-Executive Director on 13 October 2022

(c) Mark Healy was appointed as Chief Executive Officer on 15 June 2023

(d) Dharshini Mendez was appointed as Chief Financial Officer on 3 April 2023

Additional information

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year end (\$)	0.041	0.120	0.155	0.640	0.310
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(5.859)	(7.800)	(5.115)	(5.162)	(6.398)

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Exercise of options ^(a)	Other ^(b)	Balance at the end of the year
Ordinary shares					
Peter Pawlowitsch	4,067,295	-	-	-	4,067,295
Peter Cook	13,674,571	-	-	-	13,674,571
Kenneth Lai	13,309,971	-	-	-	13,309,971
Alan Munday	96,983	-	-	-	96,983
Killian Murphy	-	-	-	-	-
Dharshini Mendez	-	-	-	-	-
Mark Healy	29,700	-	-	-	29,700
	<u>31,178,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,178,520</u>

(a) Number of shares issued represented the cashless exercise of options (refer to "option holding" section) at the intrinsic economic value of the option derived between exercise price and VWAP on ASX over 5 trading day period immediately preceding the exercise date.

(b) On-market acquisition

Novatti Group Limited
Directors' report
30 June 2024

	Balance at the start of the year	Granted	Free options attached to convertible notes	Exercised *	Other**	Balance at the end of the year
<i>Options over ordinary shares</i>						
Peter Pawlowitsch	5,500,000	1,361,581	4,166,667	-	(500,000)	10,528,248
Peter Cook	14,000,000	8,564,503	1,041,667	-	(2,500,000)	21,106,170
Kenneth Lai	3,000,000	1,179,546	-	-	-	4,179,546
Alan Munday	1,500,000	-	-	-	(1,000,000)	500,000
Dharshini Mendez	1,500,000	-	-	-	-	1,500,000
Mark Healy	14,818,182	-	1,041,667	-	-	15,859,849
Killian Murphy	2,000,000	653,881	-	-	-	2,653,881
	<u>42,318,182</u>	<u>11,759,511</u>	<u>6,250,001</u>	<u>-</u>	<u>(4,000,000)</u>	<u>56,327,694</u>

* The exercises of options were cashless and the number of shares issued were according to the intrinsic economic value of the option derived between exercise price and VWAP on ASX over 5 trading day period immediately preceding the exercise date.

** Lapse of options.

Other transactions with key management personnel and their related parties

Services

No other payments were made to Directors outside of their normal duties as Directors for Novatti Group Ltd.

As at 30 June 2024, there were \$880,000 (30 June 2023: \$nil) of loans from related parties outstanding.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Novatti Group Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
10 July 2020	1 March 2025	\$0.200	375,000
25 November 2020	30 November 2024	\$0.270	2,500,000
15 October 2021	15 October 2024	\$0.750	1,300,000
20 December 2021	30 November 2025	\$0.450	7,000,000
25 January 2022	25 January 2025	\$0.330	100,000
5 April 2022	19 April 2025	\$0.350	2,325,000
6 July 2022	6 July 2025	\$0.250	833,333
6 July 2022	6 July 2025	\$0.157	1,666,667
30 September 2022	30 June 2026	\$0.250	1,000,000
23 November 2023	30 November 2026	\$0.200	13,000,000
13 December 2022	30 June 2026	\$0.250	250,000
17 April 2023	17 April 2026	\$0.180	1,500,000
13 June 2023	30 June 2027	\$0.200	6,750,000
13 June 2023	30 June 2027	\$0.000	5,568,182
28 November 2023	30 June 2027	\$0.000	9,059,511
28 November 2023	30 June 2027	\$0.200	2,700,000
22 February 2024	31 January 2027	\$0.095	29,166,667
4 March 2024	31 January 2027	\$0.095	6,854,194
18 July 2024	31 January 2027	\$0.030	2,750,000
			<u>94,698,554</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were 1,000,000 ordinary shares of Novatti Group Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards (APES) 110 Code of Ethics for Professional Accountants (including independence standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of William Buck

There are no officers of the Company who are former partners of William Buck.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

Novatti Group Limited
Directors' report
30 June 2024

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Peter Pawlowitsch
Chairman

26 September 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Novatti Group Limited

As lead auditor for the audit of Novatti Group Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Novatti Group Limited and the entities it controlled during the year.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis

A. A. Finnis
Director
Melbourne 26 September 2024

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

	Note	Consolidated 2024 \$'000	2023 \$'000
Revenue from continuing operations	5	42,899	38,979
Other income	6	2,945	16,151
Expenses			
Administrative and corporate costs		(3,498)	(5,292)
Client hosting fees and other direct services	7	(25,539)	(20,731)
Employee benefits		(22,109)	(25,677)
Foreign currency translation losses		(956)	(69)
Marketing and selling expenses		(494)	(1,037)
Data management expenses		(4,225)	(3,791)
Loss on investments at fair value through profit or loss	12	(2,639)	(15,877)
Vesting charge for share-based payments	35	(1,057)	(2,265)
Gains on embedded derivative - convertible note facility		823	-
Depreciation and amortisation expense		(2,113)	(2,211)
Finance costs		(1,504)	(1,382)
Loss before income tax expense from continuing operations		(17,467)	(23,202)
Income tax expense		(16)	(4)
Loss after income tax expense from continuing operations		(17,483)	(23,206)
Loss after income tax expense from discontinued operations	8	(3,120)	(3,339)
Loss after income tax expense for the year		(20,603)	(26,545)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		186	(238)
Other comprehensive income for the year, net of tax		186	(238)
Total comprehensive income for the year		<u>(20,417)</u>	<u>(26,783)</u>
Loss for the year is attributable to:			
Non-controlling interest		(442)	(235)
Owners of Novatti Group Limited		(20,161)	(26,310)
		<u>(20,603)</u>	<u>(26,545)</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		-	-
Discontinued operations		(399)	(235)
Non-controlling interest		(399)	(235)
Continuing operations		(17,297)	(23,444)
Discontinued operations		(2,721)	(3,104)
Owners of Novatti Group Limited		(20,018)	(26,548)
		<u>(20,417)</u>	<u>(26,783)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

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

		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Novatti Group Limited			
Basic loss per share	34	(5.081)	(6.880)
Diluted loss per share	34	(5.081)	(6.880)
Earnings per share for loss from discontinued operations attributable to the owners of Novatti Group Limited			
Basic loss per share	34	(0.907)	(0.990)
Diluted loss per share	34	(0.907)	(0.990)
Earnings per share for loss attributable to the owners of Novatti Group Limited			
Basic loss per share	34	(5.859)	(7.800)
Diluted loss per share	34	(5.859)	(7.800)

* The above consolidated statement of comprehensive income for the year ended 30 June 2023 has been restated for discontinued operations. Refer to note 8 for detailed information on Discontinued operations.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Novatti Group Limited
Consolidated statement of financial position
As at 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents *	9	5,208	18,215
Trade and other receivables	10	8,623	7,748
Financial assets - funds in trust	11	93,403	92,444
Other current assets		525	1,131
		<u>107,759</u>	<u>119,538</u>
Assets of disposal groups classified as held for sale	13	4,357	-
Total current assets		<u>112,116</u>	<u>119,538</u>
Non-current assets			
Other investments at fair value through profit and loss	12	166	11,847
Plant and equipment		295	407
Right-of-use assets		353	1,509
Intangible assets	14	6,390	7,904
Security deposits	28	4,537	4,429
Total non-current assets		<u>11,741</u>	<u>26,096</u>
Total assets		<u>123,857</u>	<u>145,634</u>
Liabilities			
Current liabilities			
Trade and other payables	15	22,801	22,420
Settlement, remittance and visa funds payable	16	93,390	91,629
Borrowings	17	880	-
Lease liabilities		243	271
Contract liabilities		472	286
Employee benefits	19	3,078	3,338
		<u>120,864</u>	<u>117,944</u>
Liabilities directly associated with assets classified as held for sale	20	396	-
Total current liabilities		<u>121,260</u>	<u>117,944</u>
Non-current liabilities			
Borrowings	17	-	10,500
Lease liabilities		146	1,575
Convertible note facilities	18	2,146	-
Employee benefits	19	64	140
Total non-current liabilities		<u>2,356</u>	<u>12,215</u>
Total liabilities		<u>123,616</u>	<u>130,159</u>
Net assets		<u>241</u>	<u>15,475</u>
Equity			
Issued capital	21	91,806	90,686
Reserves	22	5,972	5,401
Accumulated losses		(102,345)	(83,477)
Equity/(deficiency) attributable to the owners of Novatti Group Limited		<u>(4,567)</u>	<u>12,610</u>
Non-controlling interest	23	4,808	2,865
Total equity		<u>241</u>	<u>15,475</u>

* Cash and cash equivalent excludes cash held by International Bank of Australia, which is classified as held for sale

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Novatti Group Limited
Consolidated statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital \$'000	Equity settled share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity attributable to owners of the company \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2022	89,336	4,361	620	(57,676)	36,641	-	36,641
Loss after income tax expense for the year	-	-	-	(26,310)	(26,310)	(235)	(26,545)
Other comprehensive income for the year, net of tax	-	-	(238)	-	(238)	-	(238)
Total comprehensive income for the year	-	-	(238)	(26,310)	(26,548)	(235)	(26,783)
Transactions with owners in their capacity as owners:							
Issue of shares on exercise of equity settled share based payment rights	1,098	(1,098)	-	-	-	-	-
Vesting of share-based payments arrangements	-	2,265	-	-	2,265	-	2,265
Expiry of share-based payments	-	(509)	-	509	-	-	-
Issue of shares in lieu of professional services	31	-	-	-	31	-	31
Issue of shares in lieu of staff remuneration	221	-	-	-	221	-	221
Issue of shares in subsidiary to external investor	-	-	-	-	-	3,100	3,100
Balance at 30 June 2023	90,686	5,019	382	(83,477)	12,610	2,865	15,475

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Novatti Group Limited
Consolidated statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital \$'000	Equity settled share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Convertible note reserve \$'000	Accumulated losses \$'000	Total equity attributable to owners of the company \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2023	90,686	5,019	382	-	(83,477)	12,610	2,865	15,475
Loss after income tax expense for the year	-	-	-	-	(20,161)	(20,161)	(442)	(20,603)
Other comprehensive income for the year, net of tax	-	-	186	-	-	186	-	186
Total comprehensive income for the year	-	-	186	-	(20,161)	(19,975)	(442)	(20,417)
Transactions with owners in their capacity as owners:								
Expiry of share-based payments	-	(1,293)	-	-	1,293	-	-	-
Vesting of share-based payments arrangements	-	1,057	-	-	-	1,057	-	1,057
Issue of option on inception of convertible note	-	-	-	681	-	681	-	681
Issue of shares in lieu of professional services	233	-	-	-	-	233	-	233
Issue of shares (net of transaction costs)	823	-	-	-	-	823	-	823
Issue of shares on exercise of options	60	(60)	-	-	-	-	-	-
Conversion of convertible notes into shares	4	-	-	-	-	4	-	4
Issue of shares in subsidiary to external investor	-	-	-	-	-	-	2,385	2,385
Balance at 30 June 2024	91,806	4,723	568	681	(102,345)	(4,567)	4,808	241

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

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

	Note	Consolidated 2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		94,453	78,282
Payments to suppliers and employees (inclusive of GST)		(108,638)	(91,708)
Interest received		1,260	668
Receipt of government grants		676	1,921
Interest and other finance costs paid		(1,722)	(1,238)
Dividends received		563	13,511
Income taxes paid		(17)	(43)
Net cash (used in)/from operating activities	33	(13,425)	1,393
Cash flows from investing activities			
Payments for plant and equipment		(10)	(35)
Payments for intangible assets	14	(218)	(353)
Payments for security deposits		-	(1,573)
Proceeds from disposal of investment		8,958	-
Net cash from/(used in) investing activities		8,730	(1,961)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	21	823	-
Proceeds from the issue of shares of non-controlling interest	23	2,254	3,100
Proceeds from borrowings	17	2,100	10,500
Borrowings transaction costs		-	(392)
Repayment of borrowings	17	(11,720)	-
Proceeds from issue of convertible note facility		3,500	-
Repayment of convertible notes		-	(40)
Repayment of lease liabilities		(354)	(256)
Net cash (used in)/from financing activities		(3,397)	12,912
Net (decrease)/increase in cash and cash equivalents		(8,092)	12,344
Cash and cash equivalents at the beginning of the financial year		18,215	6,059
Effects of exchange rate changes on cash and cash equivalents		(654)	(188)
Cash and cash equivalents at the end of the financial year *	9	9,469	18,215

* Includes cash and cash equivalents that is classified as held for sale.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Novatti Group Limited
Notes to the consolidated financial statements
30 June 2024

Note 1. General information

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

Novatti Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3
461 Bourke Street
Melbourne VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 September 2024. The directors do not have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Material accounting policy information

The Australian Accounting Standards Board has released guidance on what is considered to be material accounting policy information. Such material accounting policy information relates to the following:

- A material change in accounting policy;
- A choice of accounting policy permitted by Australian Accounting Standards;
- An accounting policy developed in the absence of an accounting standard that specifically applies; or
- Transactions, other events or conditions which are complex and the accounting policy information is required in order for the users of financial statements to understand them.

Consequently, the quantum of accounting policy information disclosed in these financial statements has been reduced from the previous financial reporting year.

Note 2. Material accounting policy information (continued)

Going concern

The financial statements for the period ended 30 June 2024 have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. During the 12 month period the entity recorded revenue of \$42,899,000 (2023: \$38,979,000), a net loss after tax of \$20,603,000 (2023: \$26,545,000), a net current deficiency of \$9,144,000 (2023: net current assets of \$1,594,000) and a net cash outflows from operating activities of \$13,425,000 (2023: net inflows of \$1,393,000).

The Group's ability to continue as a going concern is dependent upon its ability to generate positive cash flow from its business operations. The above matters described indicate that a material uncertainty exists that may cast significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors are planning for the business to reduce net operating cash outflows during FY25 by increasing cash receipts from customers in order to work towards positive future operating cash flow;
- The Group owns a number of investments that the Group can potentially sell;
- The entity has historically demonstrated its ability to raise funds to satisfy its cash requirements;
- Management are actively considering the future capital requirements of the entity and will consider all funding options as required;
- The Directors are able and willing to defer amounts owed to them in cash or settle outstanding obligations, including director fees in equity instruments (subject to shareholder approval if applicable) until such time as the Group has sufficient working capital to settle the obligations in cash;
- The Group is undertaking a simplification strategy to extract more value from existing resources rather than adding extra cost and has the ability to scale back certain activities that are non-essential to existing customers so as to conserve cash; and
- Post year end, the Group divested 100% of its remaining interest in the IBOA Group Holdings Pty Ltd raising \$2.87 million in cash. The directors may consider, if required, the sale or dilution of the Group's interest in other non-core business assets.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on the historical cost convention, except for the following which is recorded at fair value basis: investments at fair value through profit and loss and deferred consideration. Unless otherwise stated the carrying amounts of financial assets and liabilities reflect their fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the legal parent entity is disclosed in note 30.

Principles of consolidation

These are the financial statements of the 'Company' and the 'Group' as at 30 June 2024.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

Note 2. Material accounting policy information (continued)

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

The financial statements are presented in Australian dollars, which is Novatti Group Limited's functional and presentation currency.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer of the goods or services promised to the customer.

Payments AU/NZ

Acquiring

A service that enables merchants to get paid. Fees are charged at a transactional, integration and monthly level. Fees for settling up and deploying the service are charged and recognised when the service is provided.

Issuing

Issuing of prepaid and debit Visa cards under licence of Visa. Monthly program fees are charged alongside transactional fees. Fees for settling up and deploying the service are charged and recognised when the service is provided.

Cross Border

Service provision of cross border payments and global currency accounts to manage foreign exchange. Fees for settling up and deploying the service and subsequent transactions are charged and recognised when the service is provided.

Novatti Billpay

Enabling payment of Australian invoices directly from a range of Asian digital wallets. Fees for settling up and deploying the service and subsequent transactions are charged and recognised when the service is provided.

Payments International

Alternative Payments

Revenue from Alternative Payments is a mixture of:

Note 2. Material accounting policy information (continued)

- fees for software as a service;
- fees for the facilitation of top up vouchers;
- settlement Services of financial transactions; and
- fees from 'Prepaid' reloadable cards.

The revenue charges for alternative payment services are based on transactional value. Revenue is therefore recognised when the service is provided.

ATX Payments

ATX provides digital payment services, such as third-party bill and product payments. Fees for settling up and deploying the service and subsequent transactions are charged and recognised when the service is provided.

Technology Solutions

In this revenue stream the Consolidated Entity:

- develops, deploys and supports specialised mobile and alternate payment technologies, whereby licence fees are amortised over the relevant period of contract and professional service revenue is recognised as the service rendered to the customer; and
- provisions customer engagement, payment, provisioning, and subscription billing solutions. Monthly fees are charged at a transactional level. Fees for settling up and deploying the service are charged and recognised when the service is provided.

Interest

Interest revenue is recognised on a time proportional basis that takes into account the effective yield on the financial asset.

Contract liabilities

Contract liabilities includes revenue from clients whereby services are billed in advance of their anniversary dates and have outstanding services owing for the financial year ended 30 June 2024.

Other revenue

Other revenue is recognised at the time it is received or when the right to receive payment is established.

Contract assets

Contract assets includes revenue from the sales of services unbilled as at 30 June 2024.

Government grants

Government grants, including Research and Development revenues, are recognised at the point in time where there is reasonable assurance that the grant will be received and all attached conditions will be fulfilled.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Funds in trust and settlement, remittance and visa funds payable

Funds in trust and settlement, remittance and visa funds payable represent funds received from customers for transactions that have been contracted for but not yet completed. Respective receivables and payables are offset upon completion of the transactions according to terms agreed between the Group and customers.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Note 2. Material accounting policy information (continued)

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives for intangibles for the current period are:

Product Development: Technology	5 years
Customer lists	5 - 10 years
Intellectual Property: Technology - Billing Software	10 years
Brands	10 years

Intangible assets acquired in a business combination

Intangible assets, including customer lists, intellectual property and brand acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Note 2. Material accounting policy information (continued)

Borrowings and convertible notes

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

The face value of the convertible notes is deemed to be the value of the conversion right (the derivative liability) and residual debt liability component. The debt liability component of the convertible notes is amortised at each reporting period using the effective interest method. The derivative liability component is revalued at each reporting date over the life of the convertible notes.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes or Binomial models taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Revenue from contracts with customers involving performance milestones

When recognising revenue, the key performance obligation of the consolidated entity is considered to be performance milestones detailed under each contract. Management estimates the progress against these performance milestones at each reporting date and recognise revenue and work in progress accounts accordingly.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Estimation of useful lives of finite life intangible assets

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

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and carry-forward losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The directors have determined that the losses to date do not validate the requirement to book any DTA for carry forward losses and will consider the recognition of DTAs in future periods.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Assessment of the conversion features of the convertible notes

During the year ended 30 June 2024, the Group issued convertible notes with conversion clauses that were both fixed and variable. For the convertible note tranches with variable conversion terms, at initial recognition an embedded derivative is recognised on the statement of financial position at fair value and that embedded derivative is subsequently recorded at its fair value thereafter, with changes in fair value going through to the statement of profit or loss and other comprehensive income. The difference between the consideration received (net of costs) and the embedded derivative is reflected in the principal value of the convertible note liability.

The fixed component of the convertible note tranches in accordance with AASB 132 Financial instruments, are classified as equity.

Research and Development Rebate

The consolidated entity is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claim lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and clawback those prior claims, potentially with penalties. Such a finding may only occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the Directors of the consolidated entity consider that such a negative review has a remote likelihood of occurring.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into four operating business segments:

- (1) Payments AU/NZ incorporating Payments Acquiring, Card Issuing, Cross Border Payments and Novatti Billpay
- (2) Payments International incorporating ATX Payments (Malaysia) and Flexepin Payments (Europe)
- (3) Technology Solutions incorporating enterprise, automation and billing software
- (4) Investments incorporating several portfolio investments into internal (AUDD Stablecoin) and external businesses
- (5) Corporate Overheads, the overhead segment that holds the financial assets for the Group and captures the corporate, public running costs and overheads costs

These operating business segments are based on the internal reports that are reviewed and used by the Board of Directors and Management in assessing financial and operating performance and in determining the allocation of resources.

The accounting policies adopted for internal reporting are consistent with those adopted in the financial statements. The information reported to the Board and management is on at least a monthly basis.

Segment information for the year ended 30 June 2023 has been restated for the change of internal reporting policy adopted by Board of Directors and Management during the year ended 30 June 2024.

Note 4. Operating segments (continued)

Types of products and services

The principal products and services of each of these operating segments are as follows:

Payments AU/NZ	Acquiring: Enables businesses to accept a wide range of payments online and offline with a focus on card and digital wallet acceptance.
	Issuing: Provides a payment system centred around digital and physical prepaid, gift and debit cards for a variety of fintechs and commercial enterprises.
	Cross Border: provision of cross border payments and global currency accounts to manage foreign exchange.
Payments International	Novatti Billpay: enables payment of Australian invoices directly from a range of Asian digital wallets.
	Offers customers (1) an alternative payment method in the form of a prepaid cash voucher. Vouchers can be used for a multitude of payment methods such as prepaid account top-ups and for secure online payment of goods and services. Vouchers are available in a variety of currencies and locations globally; and (2) Provision of large, established payments network across Malaysia enabling prepaid top ups and bill payments.
Technology Solutions	Emersion: Automates business processes including customer engagement, billing, collections, subscription management and embedded payments in the telecommunications industry.
	Basis2: provides a technologically advanced billing and CIS solution to service providers in the utilities industry.
Investments	Enterprise software provides general purpose technology supporting implementation of enterprise specific payment and billing solutions.
	After the full divestment of shareholdings in Reckon and the International Bank of Australia, the key remaining product investment is AUDD which is an Australian Dollar (A\$) backed stablecoin for facilitating payments, transactions and remittances between businesses and their customers.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans are eliminated on consolidation.

Major customers

During the year ended 30 June 2024, the consolidated entity did not transact with any single customer that individually represented more than 10% of revenues (30 June 2023: nil).

Operating segment information

For the breakdown of operating segment revenue into disaggregated revenue components, refer to note 5.

Novatti Group Limited
Notes to the consolidated financial statements
30 June 2024

Note 4. Operating segments (continued)

Consolidated - 30 June 2024	Payments AU/NZ \$'000	Payments International \$'000	Technology Solutions \$'000	Investments (excluding discontinued operations) \$'000	Consolidated \$'000
Revenue					
Revenue from ordinary activities	13,720	22,239	5,796	1,145	42,899
Other income	677	-	-	-	677
Total revenue	<u>14,397</u>	<u>22,239</u>	<u>5,796</u>	<u>1,145</u>	<u>43,576</u>
EBITDA	(5,465)	2,123	1,641	(386)	(2,087)
Corporate EBITDA*					(10,202)
Income from Dividends					563
Interest Income					1,445
Gain on Lease					260
Foreign currency losses					(956)
Losses in on investments at fair value through profit or loss					(2,639)
Depreciation and amortisation					(2,113)
Finance Costs					(1,504)
Vesting charge for share-based payments					(1,057)
Gains on embedded derivative - convertible note facility					823
Loss before income tax expense	<u>(5,465)</u>	<u>2,123</u>	<u>1,641</u>	<u>(386)</u>	<u>(17,467)</u>
Income tax expense	-	-	-	-	(16)
Loss after income tax expense from continuing operations	<u>(5,465)</u>	<u>2,123</u>	<u>1,641</u>	<u>(386)</u>	<u>(17,483)</u>
Loss from Discontinued Operations					(3,120)
Loss after income tax expense for the year	<u>(5,465)</u>	<u>2,123</u>	<u>1,641</u>	<u>(386)</u>	<u>(20,603)</u>
Foreign currency translation					186
Total comprehensive income for the year, net tax	<u><u>(5,465)</u></u>	<u><u>2,123</u></u>	<u><u>1,641</u></u>	<u><u>(386)</u></u>	<u><u>(20,417)</u></u>
Assets					
Segment assets	29,000	55,009	2,367	3,453	89,829
Assets held for sale					4,357
Corporate assets					29,671
Total assets	<u><u>29,000</u></u>	<u><u>55,009</u></u>	<u><u>2,367</u></u>	<u><u>3,453</u></u>	<u><u>123,857</u></u>
Liabilities					
Segment liabilities	26,745	53,521	725	2,422	83,413
Liabilities held for sale					396
Corporate liabilities					39,807
Total liabilities	<u><u>26,745</u></u>	<u><u>53,521</u></u>	<u><u>725</u></u>	<u><u>2,422</u></u>	<u><u>123,616</u></u>

* Corporate overhead is not classified as an operating segment.

Novatti Group Limited
Notes to the consolidated financial statements
30 June 2024

Note 4. Operating segments (continued)

Consolidated - 30 June 2023	Payments AU/NZ \$'000 Restated	Payments International \$'000 Restated	Technology Solutions \$'000 Restated	Investments (excluding discontinued operations) \$'000 Restated	Consolidated \$'000 Restated
Revenue					
Revenue from ordinary activities	10,531	15,631	6,574	6,243	38,979
Other income	870	-	-	-	870
Total revenue	11,401	15,631	6,574	6,243	39,849
EBITDA	(6,909)	(561)	146	2,340	(4,984)
Corporate EBITDA					(11,479)
Income from Dividends					13,511
Interest Income					503
Research and development grants					1,051
Foreign currency losses					(69)
Losses on investments at fair value through profit or loss					(15,877)
Depreciation and amortisation					(2,211)
Finance Costs					(1,382)
Vesting charge for share-based payments					(2,265)
Loss before income tax expense	(6,909)	(561)	146	2,340	(23,202)
Income tax expense	-	-	-	-	(4)
Loss after income tax expense from continuing operations	(6,909)	(561)	146	2,340	(23,206)
Loss from Discontinued Operations					(3,339)
Loss after income tax expense for the year	(6,909)	(561)	146	2,340	(26,545)
Foreign currency translation					(238)
Total comprehensive income for the year, net tax	(6,909)	(561)	146	2,340	(26,783)
Assets					
Segment assets	38,648	74,900	4,972	4,602	123,122
Banking assets					5,669
Corporate assets					16,843
Total assets	38,648	74,900	4,972	4,602	145,634
Liabilities					
Segment liabilities	37,326	72,727	6,063	1,630	117,746
Banking liabilities					314
Corporate liabilities					12,099
Total liabilities	37,326	72,727	6,063	1,630	130,159

For the breakdown of operating segment revenue into disaggregated revenue components, refer to note 5.

Note 4. Operating segments (continued)

	Sales to external customers 30 June 2024 \$'000	Sales to external customers 30 June 2023 \$'000 Restated	Geographical non-current assets 30 June 2024 \$'000	Geographical non-current assets 30 June 2023 \$'000 Restated
Australia & New Zealand	17,296	10,906	4,563	18,951
Malta	12,662	7,063	-	-
Malaysia	4,245	5,626	7,178	7,145
Brazil	839	5,719	-	-
United States	3,974	2,797	-	-
Others	3,883	6,868	-	-
	42,899	38,979	11,741	26,096

Note 5. Revenue

30 June 2024

Sales revenue:

	Timing of revenue recognition		
	Services provided at point in time \$'000	Services provided over time \$'000	Consolidated \$'000
Payments AU/NZ	13,650	-	13,650
Payments International	22,271	-	22,271
Technology Solutions	1,768	4,028	5,796
Investments	1,182	-	1,182
	38,871	4,028	42,899

30 June 2023

Sales revenue:

	Timing of revenue recognition		
	Services provided at point in time \$'000 Restated *	Services provided over time \$'000 Restated *	Consolidated \$'000 Restated *
Payments AU/NZ	10,656	-	10,656
Payments International	15,550	-	15,550
Technology Solutions	2,317	4,211	6,528
Investments	6,244	-	6,244
	34,767	4,211	38,978

* Revenue information has been restated based on the reassessment of operating segments. Refer to note 4 for details.

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Note 6. Other income

	Consolidated	
	2024	2023
	\$'000	\$'000
Government grants	677	1,921
Dividends	563	13,511
Gain on modification of lease	260	-
Interest **	1,445	503
Other	-	216
	<u>2,945</u>	<u>16,151</u>
Other income	<u>2,945</u>	<u>16,151</u>

** The interest income for the year ended 30 June 2023 has been restated for discontinued operations. Refer to note 8 for detailed information on Discontinued operations.

Note 7. Client hosting fees and other direct services

	Consolidated	
	2024	2023
	\$'000	\$'000
Settlement services	3,074	4,250
Tokenised technology commission	-	2,191
Issuing costs related to program management and Visa	2,525	1,546
Voucher top up, payment and distribution costs associated with the Malaysian subsidiary	3,142	4,108
Cross border settlement costs	1,274	1,559
Hosting and other direct services	15,524	7,077
	<u>25,539</u>	<u>20,731</u>
	<u>25,539</u>	<u>20,731</u>

Note 8. Discontinued operations

Description

During the year ended 30 June 2024, followed a strategic review of IBOA, management considered that it is unlikely to contribute to the Company's long term financial goals, as such the Company accounted for Novatti B Holding Company Pty Ltd and Novatti IBA Pty Ltd as discontinued operations and respective assets and liabilities were accounted for under assets of disposal group classified as held for sale and liabilities directly associated with assets classified as held for sale.

Financial performance information

	Consolidated	
	2024	2023
	\$'000	\$'000
Interest income	167	165
Administrative and corporate costs	(482)	(359)
Employee benefits	(2,363)	(2,588)
Data management expenses	(442)	(557)
Total expenses	<u>(3,287)</u>	<u>(3,504)</u>
Loss before income tax expense	(3,120)	(3,339)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	<u>(3,120)</u>	<u>(3,339)</u>

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Note 8. Discontinued operations (continued)

Cash flow information

	Consolidated	
	2024	2023
	\$'000	\$'000
Net cash used in operating activities	(2,688)	(2,783)
Net cash from investing activities	-	-
Net cash from financing activities	1,616	8,100
	<u> </u>	<u> </u>
Net (decrease)/increase in cash and cash equivalents from discontinued operations	<u>(1,072)</u>	<u>5,317</u>

Note 9. Cash and cash equivalents

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Current assets</i>		
Cash at bank	5,208	18,215
	<u> </u>	<u> </u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	5,208	18,215
Cash and cash equivalents - classified as held for sale (note 13)	4,261	-
	<u> </u>	<u> </u>
Balance as per statement of cash flows	<u>9,469</u>	<u>18,215</u>

Note 10. Trade and other receivables

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Current assets</i>		
Trade and other receivables	8,257	6,573
Less: Allowance for expected credit losses	(26)	(1,506)
	<u>8,231</u>	<u>5,067</u>
 Contract assets	 <u>392</u>	 <u>2,681</u>
	<u>8,623</u>	<u>7,748</u>

Allowance for expected credit losses

The Consolidated Entity has recognised additional provision of \$26,000 (30 June 2023: \$1,285,000) in statement of profit or loss and other comprehensive income in respect of the expected credit losses for the year ended 30 June 2024.

Other than the provision noted above, management are of the opinion that these receivables are reflective of fair value and should not be impaired.

Note 10. Trade and other receivables (continued)

The ageing of the past due but not impaired trade and other receivables are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Consolidated	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	-	-	4,711	3,174	-	-
0 to 3 months overdue	-	8%	2,296	1,815	-	(152)
Over 3 months overdue	2%	85%	1,250	1,584	(26)	(1,354)
			<u>8,257</u>	<u>6,573</u>	<u>(26)</u>	<u>(1,506)</u>

Note 11. Financial assets - funds in trust

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Current assets</i>		
Settlement funds*	30,906	41,800
Remittance funds*	9,958	12,644
Client visa funds*	52,539	38,000
	<u>93,403</u>	<u>92,444</u>

* Refer to note 16 Settlement, Remittance and Client visa funds payable

Note 12. Other investments at fair value through profit and loss

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Non-current assets</i>		
Investment in Rent Pay Pty Ltd	166	250
Investment in Reckon Limited	-	11,597
	<u>166</u>	<u>11,847</u>

For all of these investments, the directors consider that the Company has less than a significant influence. Accordingly, they are all held at fair value through profit or loss. The investments in Rent Pay Pty Ltd are Level 2 valuation investments as they are unlisted, with the derivation of their value from the last available public information for trading in the shares of those investments at arms-length terms. The investment in Reckon Limited is a Level 1 investment, being that it is quoted on the Australian Securities Exchange.

The Reckon Limited (ASX: RKN) ("Reckon") shares were originally acquired at \$1.00 per share. On 16 November 2023, the Company announced that it had agreed the sale of its 19.9% holding in Reckon Limited (ASX: RKN) ("Reckon") at \$0.40 per share for an aggregate price of \$8.9 million and would redeem and fully repay its \$10.5 million corporate bond facility.

Note 13. Assets of disposal groups classified as held for sale

Description

During the year ended 30 June 2024, followed a strategic review of IBOA, management considered that it is unlikely to contribute to the Company's long term financial goals, as such the Company accounted for Novatti B Holding Company Pty Ltd and Novatti IBA Pty Ltd as discontinued operations and respective assets and liabilities were accounted for under assets of disposal group classified as held for sale and liabilities directly associated with assets classified as held for sale.

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Note 13. Assets of disposal groups classified as held for sale (continued)

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Current assets</i>		
Cash and cash equivalents	4,261	-
Trade and other receivables	95	-
Prepayment	1	-
	<u>4,357</u>	<u>-</u>

Note 14. Intangible assets

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Non-current assets</i>		
Brand Asset	4,971	4,973
Less: Accumulated amortisation	<u>(1,431)</u>	<u>(939)</u>
	3,540	4,034
Intellectual property - at cost	3,178	2,861
Less: Accumulated amortisation	<u>(1,620)</u>	<u>(1,271)</u>
	1,558	1,590
Customer Lists	3,853	3,789
Less: Accumulated amortisation	<u>(2,979)</u>	<u>(2,351)</u>
	874	1,438
Licences	475	475
Less: Accumulated amortisation	<u>(356)</u>	<u>(261)</u>
	119	214
Other intellectual property	<u>53</u>	<u>53</u>
Product development	1,643	1,643
Less: Accumulated amortisation	<u>(1,397)</u>	<u>(1,068)</u>
	246	575
	<u>6,390</u>	<u>7,904</u>

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Note 14. Intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Brand Asset \$'000	Intellectual Property \$'000	Customer Lists \$'000	Licences \$'000	Other Intangible Assets \$'000	Product Development \$'000	Total \$'000
Balance at 1 July 2022	4,503	1,597	1,959	309	51	903	9,322
Additions	-	273	-	-	-	-	273
Exchange differences	-	-	80	-	2	-	82
Amortisation expense	(469)	(280)	(601)	(95)	-	(328)	(1,773)
Balance at 30 June 2023	4,034	1,590	1,438	214	53	575	7,904
Additions	-	317	-	-	-	-	317
Exchange differences	-	-	(6)	-	-	-	(6)
Amortisation expense	(494)	(349)	(558)	(95)	-	(329)	(1,825)
Balance at 30 June 2024	<u>3,540</u>	<u>1,558</u>	<u>874</u>	<u>119</u>	<u>53</u>	<u>246</u>	<u>6,390</u>

Note 15. Trade and other payables

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
<i>Current liabilities</i>		
Trade payables	9,344	8,062
Sundry creditors and accrued expenses	<u>13,457</u>	<u>14,358</u>
	<u>22,801</u>	<u>22,420</u>

Note 16. Settlement, remittance and visa funds payable

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
<i>Current liabilities</i>		
Settlement funds payable*	30,893	41,746
Remittance funds payable*	9,958	12,622
Client visa funds payable*	<u>52,539</u>	<u>37,261</u>
	<u>93,390</u>	<u>91,629</u>

*Client Funds held for Settlement, Remittance and Visa, refer to note 11 - Financial assets - funds in trust.

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Note 17. Borrowings

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Current liabilities</i>		
Loans from related parties *	880	-
<i>Non-current liabilities</i>		
Bond **	-	10,500
	<u>880</u>	<u>10,500</u>

* Unsecured loans from related parties accrue interest at 12% per annum on the principal amount, which will accrue from day to day. The loans are repayable on demand.

** On 15 August 2022, the Company completed a \$10.5 million corporate bond issue to support growth in core payment processing business and capital for proposed banking business. The bonds are secured over all of the assets and undertakings of the consolidated entity other than IBOA Group Holdings Pty Ltd and its controlled subsidiaries; and are issued for a fixed term of five years from the date funds are received by Company, with interest at 90-day BBSW plus 650bps, interest settled quarterly and there are no equity conversion features with respect to this bond. It was fully repaid during the year ended 30 June 2024.

Refer to note 25 for further information on financial instruments.

Reconciliations of the carrying value at the beginning and end of the current and previous financial year are set out below:

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Opening balance	10,500	-
Issuance of bond	-	10,500
Addition of loans from related parties	2,100	-
Repayment of bond	(10,500)	-
Repayment of loans from related parties	(1,220)	-
Closing balance	<u>880</u>	<u>10,500</u>

Note 18. Convertible note facilities

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Non-current liabilities</i>		
Convertible note - host debt liability at amortised cost	1,228	-
Embedded derivative - Convertible note facility	918	-
	<u>2,146</u>	<u>-</u>

As at 30 June 2024 the fair value of the embedded derivative is measured using significant unobservable inputs (Level 3 hierarchy). There has been no change in the Group's valuation process, valuation techniques and types of inputs used in the fair value measurement at the end of the reporting period in comparison to the methodology upon inception. There have been no transfers between levels of fair value hierarchy during the period ended 30 June 2024.

Note 18. Convertible note facilities (continued)

	30 June 2024		30 June 2023	
	No.	\$'000	No.	\$'000
Convertible notes issued during the year	3,500,000	3,500	-	-
Transfer to convertible notes reserve on issue of options	-	(693)	-	-
Transaction costs associated with issue	-	(105)	-	-
Fair value gains on embedded derivative - convertible note facility into Novatti Group Ltd the parent entity	-	(823)	-	-
Amortisations and accrued interest charged on convertible notes over the period	-	271	-	-
Conversion of convertible notes into shares during the year	(12,000)	(4)	-	-
Closing balance	<u>3,488,000</u>	<u>2,146</u>	<u>-</u>	<u>-</u>

On 2 January 2024, the Company received binding commitments for the issue of convertible notes ("Notes") in the amount of \$3.5 million, comprising \$2.75 million from professional and sophisticated investors and an additional \$750,000 from directors and management. The issue of the Notes occurred over two tranches.

Tranche 1 comprised binding commitments to raise \$1.46 million (before costs of the offer) and the Notes were issued on 8 January 2024.

Tranche 2 comprised binding commitments to raise a further \$2.04 million (before costs of the offer) and the Notes were issued on 15 February 2024 following shareholder approval.

The key terms and conditions of the Notes are as follows:

- Each Note has a face value of \$1.00.
- Each Note attracts a coupon of 10% per annum, payable quarterly in arrears. Noteholders may elect prior to the issue of the Notes to receive interest either in cash or capitalise accrued interest on a monthly basis.
- Notes have a maturity date of 22 December 2026.
- Notes (including any capitalised interest) may be converted by Noteholders into fully paid ordinary shares in the Company (Shares) at any time up to the maturity date. The conversion price is the lower of 6 cents and the next capital raising price, subject to a floor price of 4 cents.
- The Company may not redeem the Notes prior to the maturity date.
- Notes issued to non-directors and management will be secured by way of a general security agreement with the Company and share mortgages over three operating subsidiary companies in the Novatti group. Notes issued to directors and management will be unsecured but otherwise on the same terms.

The Company also issued 29,166,667 options to Noteholders with an exercisable price of 9.5 cents each and expiring on 31 January 2027 ("Options") on 22 February 2024.

Valuation methodology applied in valuing Convertible Notes

Upon issue of the Convertible Notes on 2 January 2024, the Group valued the Convertible Notes using the Black Scholes option pricing model to determine the value of the embedded derivative. The Black Scholes option pricing model assumes the option holder will exercise at expiry (i.e. the note will be converted on maturity) to predict the Group's possible future share prices to determine the Variable Conversion Price.

Significant unobservable inputs in applying this technique include the Company's future share price, exercise price, expiry date and volatility.

A Trinomial option valuation methodology has been used to determine the value of the Options issued to the noteholders.

Refer to note 25 for further information on financial instruments.

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Note 19. Employee benefits

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Current liabilities</i>		
Annual leave	788	1,261
Long service leave	495	526
Provision for employee-related costs *	1,795	1,551
	<u>3,078</u>	<u>3,338</u>
<i>Non-current liabilities</i>		
Long service leave	64	140
	<u>3,142</u>	<u>3,478</u>

* The provision for employee-related costs relates to the deferred earn-out milestone payments to the selling shareholders of ATX on the business achieving agreed performance targets for the two year period ending 31 December 2023.

Note 20. Liabilities directly associated with assets classified as held for sale

Description

During the year ended 30 June 2024, followed a strategic review of IBOA, management considered that it is unlikely to contribute to the Company's long term financial goals, as such the Company accounted for Novatti B Holding Company Pty Ltd and Novatti IBA Pty Ltd as discontinued operations and respective assets and liabilities were accounted for under assets of disposal group classified as held for sale and liabilities directly associated with assets classified as held for sale.

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	210	-
Other payables	57	-
Employee benefits	129	-
	<u>396</u>	<u>-</u>

Note 21. Issued capital

	Consolidated			
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>355,750,444</u>	<u>338,656,542</u>	<u>91,806</u>	<u>90,686</u>

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Note 21. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2022	335,297,521	89,336
Issue of shares to employees	30 September 2022	1,228,000	221
Issue of shares on exercise of options	30 November 2022	1,069,869	330
Issue of shares on exercise of options	13 December 2022	145,905	90
Issue of shares on exercise of options	20 December 2022	690,247	678
Issue of shares in lieu of professional services	11 May 2023	225,000	31
Balance	1 July 2023	338,656,542	90,686
Issue of shares in lieu of professional services	15 January 2024	1,435,526	174
Share purchase plan	4 March 2024	13,708,376	823
Exercise of options on convertible notes	14 March 2024	200,000	4
Issue of shares in lieu of professional services	17 April 2024	1,000,000	60
Issue of shares in lieu of professional services	15 May 2024	750,000	59
Balance	30 June 2024	<u>355,750,444</u>	<u>91,806</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends, when declared and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

Note 22. Reserves

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Foreign currency reserve	568	381
Share-based payments reserve	4,723	5,020
Convertible note option reserve	681	-
	<u>5,972</u>	<u>5,401</u>

Note 23. Non-controlling interest

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Issued capital	5,485	3,100
Accumulated losses	(677)	(235)
	<u>4,808</u>	<u>2,865</u>

On 25 July 2024, the Company announced that it has entered into a binding agreement with Eurus Capital Pty Ltd for the sale of 100% of its shares in IBOA Group Holdings Pty Ltd for \$2.87 million.

Note 24. Dividends

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

Note 25. Financial instruments

Financial risk management objectives

The Group is exposed to risks that arise from the use of its financial instruments. This note describes Novatti Group's objectives, policies and processes for managing those risks and the methods used to measure them. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this Note.

The Group's Audit, Risk & Compliance Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash at bank and on deposit
- Trade receivables
- Financial assets at fair value through profit or loss
- Trade and other payables
- Lease liabilities
- Borrowings
- Convertible loan facilities

Client funds held for settlement and remittance are not recognised as financial instruments as the net value of the two net off in total.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and whilst retaining ultimate responsibility for them, has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Note 25. Financial instruments (continued)

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default by the counter-party, with maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting date is addressed in each applicable note.

Clients of the Group range from financial service providers, telecommunication operators to airline companies. New client contracts may require customers to pay fees based on 'project milestone arrangements' in accordance with agreed upon contract terms. Moving from milestone to milestone requires the payment of each to move onto the next. In addition, companies may be charged for on-going service and maintenance contracts on a monthly or quarterly basis based on the initial contract value and last up to 5 - 10 years.

Transactional sales obligations are settled generally on 21-day terms and after receipt from distributors.

The Group undertakes transactions with a large number of customers and regularly monitors payments in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit terms. Refer to note 10 trade and other receivable for the ageing analysis.

The Group does not have any material credit risk exposure for other receivables or other financial instruments.

Market risk

Foreign currency risk

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the geographical region's cash balances, commitments and receipts, converted to the Group's main functional currency, Australian Dollars (AUD).

The Group is exposed to currency risk on cash at bank, accounts receivable and payable accounts and on its financial assets in Canadian Dollars (CAD) to fund its Canadian operations, Euro (EUR) and Great British Pounds (GBP) to service its European Operations in the UK, also US Dollars (USD) and New Zealand Dollars (NZD).

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Consolidated	\$'000	\$'000	\$'000	\$'000
CAD	4,402	713	(452)	(454)
USD	838	1,687	(799)	(427)
EUR	25,963	71,748	(4,029)	(2,097)
GBP	2	3	(162)	(70)
NZD	26,642	16,570	(37)	(18)
MYR	2,645	3,092	(3,396)	(1,108)
	60,492	93,813	(8,875)	(4,174)

The following tables below illustrate the sensitivity of the net result for the year and equity in regard to the Group's financial assets and financial liabilities compared with the currency on deposit and AUD exchange rate. It assumes a +/- 5% change in the exchange rate for the year ended at 30 June 2024. This percentage has been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. This assumes that other variables, in particular interest rates, remain constant.

Note 25. Financial instruments (continued)

Consolidated - 30 June 2024	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
CAD	5%	(188)	-	5%	208	-
USD	5%	(2)	-	5%	2	-
EUR	5%	(1,044)	-	5%	1,154	-
GBP	5%	8	-	5%	(8)	-
NZD	5%	(1,267)	-	5%	1,400	-
MYR	5%	36	-	5%	(40)	-
		<u>(2,457)</u>	<u>-</u>		<u>2,716</u>	<u>-</u>
Consolidated - 30 June 2023	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
CAD	5%	(12)	-	5%	14	-
USD	5%	(60)	-	5%	66	-
EUR	5%	(3,317)	-	5%	3,666	-
GBP	5%	3	-	5%	(4)	-
NZD	5%	(788)	-	5%	871	-
MYR	5%	(94)	-	5%	104	-
		<u>(4,268)</u>	<u>-</u>		<u>4,717</u>	<u>-</u>

Price risk

The Group is exposed to other price risk on its investments in listed and unlisted entities. These investments are classified on the statement of financial position as investment assets initially recorded at cost and are subsequently measured at fair value through the statement of profit or loss. The investments are in three different entities. The assets and liabilities within these investments indirectly expose the Group to equity price risks. It is not considered practicable to 'look through' the investments to analyse these risks in detail.

Investments and embedded derivative are measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy:

- Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – a valuation technique is applied using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices)
- Level 3 – a valuation technique is applied using inputs that are not based on observable market data (unobservable inputs)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2024				
Assets				
Shares in unlisted entities	<u>-</u>	<u>166</u>	<u>-</u>	<u>166</u>
Liabilities				
Embedded derivatives of convertible note	<u>-</u>	<u>-</u>	<u>918</u>	<u>918</u>

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Note 25. Financial instruments (continued)

30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Shares in listed entities	11,597	-	-	11,597
Shares in unlisted entities	-	250	-	250
	<u>11,597</u>	<u>250</u>	<u>-</u>	<u>11,847</u>

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Level 1		Level 2		Level 3	
	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Opening fair value	11,597	27,474	250	250	-	-
Addition of embedded derivatives of convertible note	-	-	-	-	(1,741)	-
Disposals of investment	(8,958)	-	-	-	-	-
Fair value gains/(losses)	(2,639)	(15,877)	(84)	-	823	-
Closing fair value	<u>-</u>	<u>11,597</u>	<u>166</u>	<u>250</u>	<u>(918)</u>	<u>-</u>

Valuation techniques for fair value measurements categorised within level 2 and level 3

The investments in shares in unlisted entities are Level 2, with the derivation of their value from the last available public information for trading in the shares of those investments at arms-length terms.

Unobservable inputs used in calculating the embedded derivative classified as level 3 were expected future volatility and the risk-free rate. The expected future volatility was calculated at 75% and the risk-free rate used was 3.7%.

Embedded derivatives of convertible note

Derivative liability relates to convertible note facility issued on 3 January 2024 (refer note 18 for further details). The conversion feature on this arrangement has a capped conversion price, the variable price also contains a floor. The existence of these caps and floors, means that this conversion feature is not considered to be an equity instrument in accordance with AASB 132, as it will not result in a fixed number of shares for fixed consideration. This conversion feature is a derivative and as a result changes in fair value are recognised through the profit and loss (FVTPL) in accordance with AASB 9. At initial recognition and subsequent reporting close, the derivative is required to be fair valued. The Black Scholes option pricing model assumes the option holder will exercise at expiry (i.e. the note will be converted on maturity) to predict the Group's possible future share prices to determine the Variable Conversion Price.

Sensitivity analysis

The sensitivity analysis undertaken on the unobservable inputs identified no material impact to the valuation at 30 June 2024. Unobservable inputs used in calculating the embedded derivative classified as level 3 were expected future volatility and the risk-free rate. The expected future volatility was calculated at 75% and the risk-free rate used was 3.7%.

There were no transfers between levels during the financial year.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least three months.

Note 25. Financial instruments (continued)

The Group also seeks to reduce liquidity risk by ensuring that its cash deposits are earning interest at the best rates. At balance date, these reports indicate that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

As at 30 June 2024, the financial liabilities of the Group include:

- Trade and other payables. For further details including breakdown of balances, refer to trade and other payables in note 15 for a breakdown of account balances
- Lease liabilities. Refer to for a summary of the outstanding lease liabilities
- Borrowings (loan from related parties and bond). Refer to note 17 for details.
- Convertible note facility. Refer to note 18 for details.

The contractual amounts of financial liabilities are equal to their carrying values.

Remaining contractual maturities

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

Consolidated - 30 June 2024	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables and other payables	-	22,801	-	-	-	22,801
<i>Interest-bearing - fixed rate</i>						
Loan from related parties	12.00%	880	-	-	-	880
Convertible note facilities	10.00%	-	-	1,228	-	1,228
Lease liabilities	5.12%	243	146	-	-	389
Total non-derivatives		23,924	146	1,228	-	25,298
Derivatives						
Embedded derivatives of convertible note	-	-	-	918	-	918
Total derivatives		-	-	918	-	918

Consolidated - 30 June 2023	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables and other payables	-	22,420	-	-	-	22,420
<i>Interest-bearing - variable</i>						
Bonds	9.66%	-	-	10,500	-	10,500
<i>Interest-bearing - fixed rate</i>						
Lease liabilities	5.21%	271	1,575	1,275	-	3,121
Total non-derivatives		22,691	1,575	11,775	-	36,041

Note 25. Financial instruments (continued)

Fair value of financial instruments

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

Note 26. Key management personnel disclosures

Directors

The following persons were directors of Novatti Group Limited during the financial year:

Peter Pawlowitsch (Non-Executive Chairman)
Peter Cook (Managing Director and Chief Executive Officer)
Kenneth Lai (Non-Executive Director)
Killian Murphy (Non-Executive Director)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mark Healy	Chief Executive Officer
Alan Munday	(Group Chief Operating Officer) (resigned as Group Chief Operating Officer effective 31 August 2023)
Dharshini Mendez	Chief Financial Officer

Compensation

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

	Consolidated	
	2024	2023
	\$	\$
Short-term employee benefits	1,150,106	1,048,954
Post-employment benefits	101,686	80,938
Long-term benefits	4,371	23,915
Share-based payments	1,026,004	1,895,232
	<u>2,282,167</u>	<u>3,049,039</u>

Note 27. Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by William Buck, the auditor of the Company, its network firms and unrelated firms:

	Consolidated	
	2024	2023
	\$	\$
<i>Audit services - William Buck</i>		
Audit or review of the financial statements	<u>173,250</u>	<u>170,500</u>
<i>Other services - William Buck</i>		
Taxation and compliance services	23,093	17,600
Other assurance services	<u>13,200</u>	<u>36,500</u>
	<u>36,293</u>	<u>54,100</u>
	<u>209,543</u>	<u>224,600</u>

Note 28. Contingent liabilities

Deposits under non-current assets are refundable collateral held on application of the Visa issuing licence and Currency Cloud float. The conditions in place for the deposits are relating to a) the Visa partnership Principal License; b) the Currency Cloud float; and c) Visa Collateral.

As a Principal License holder for Visa Prepaid/Debit Issuing, Novatti can provide services to clients for both Visa BIN Sponsorship and Visa Program Management. Visa requires the member to maintain a Collateral account which is held in trust at a Visa nominated to settle all debts to merchants and any monies owed to issuers and their Visa Prepaid cardholders.

In addition, Novatti requires BIN Sponsors and/or Program Manager mandates, as part of the client contract, that the client maintains a minimum of their 6 days Visa Settlement total in a bank account (held in Trust For the client) with the Visa Settlement Bank (Australia ANZ and NZ ASB). This assures that the Visa daily settlement process is, and can be funded by the client directly.

Alternatively, if a client does not agree to maintaining a float account Novatti will Direct Debit from the client's nominated corporate bank account to directly fund settlement daily. If this method is agreed the client is required to deposit a Security Deposit to an In-Trust-For (ITF) account with Novatti.

The Currency Cloud float enables expedient payments. Where the client does not forward the balance of the funds for cross-border payments, Novatti is at risk of the unpaid balance of that transaction.

The consolidated entity had no other contingent liabilities as at 30 June 2024 and 30 June 2023.

Note 29. Related party transactions

Parent entity

Novatti Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

As at 30 June 2024 and 30 June 2023, loans from related parties are set out in the below table:

	Consolidated 30 June 2024	30 June 2023
	\$	\$
Coolbawn Crispen Pty Ltd	240,000	-
Naley Pty Ltd	240,000	-
Corangamite Pty Ltd	400,000	-
	<u>880,000</u>	<u>-</u>

Disclosures relating to loans from related parties are set out in note 17.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

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Note 30. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	\$'000	\$'000
Loss after income tax	(5,467)	(7,958)
Total comprehensive income	(5,467)	(7,958)

Statement of financial position

	Parent	
	30 June 2024	30 June 2023
	\$'000	\$'000
Total current assets	107,352	84,985
Total assets	139,348	127,528
Total current liabilities	59,100	36,340
Total liabilities	61,246	82,820
Net assets	78,102	44,708
Equity		
Issued capital	91,806	90,686
Foreign currency reserve	-	534
Share-based payments reserve	4,813	5,538
Convertible note option reserve	681	-
Accumulated losses	(19,198)	(52,050)
Total equity	78,102	44,708

Prepaid deposit entered into by the parent entity in relation to the debts of its subsidiaries

There exists a prepaid deposit for offices leased in Melbourne and Adelaide. As at 30 June 2024, this totalled \$83,010 (2023: \$83,010) for Melbourne office and \$5,940 for the Adelaide office. No other prepaid deposit exists.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 (30 June 2023: Nil).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 (30 June 2023: Nil).

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Novatti Group Limited
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Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2024 %	30 June 2023 %
Novatti Pty Ltd	Australia	100.0%	100.0%
Flexe Payments Pty Ltd	South Africa	100.0%	100.0%
Flexe Payments (AUS) Pty Ltd	Australia	100.0%	100.0%
Flexe Payments (MLT) Ltd	Malta	100.0%	100.0%
Flexe Payments (UK) Ltd	United Kingdom	100.0%	100.0%
Novatti Commerce Solutions Inc.	Canada	100.0%	100.0%
Novatti Commerce Solutions (MLT) Ltd	Malta	100.0%	100.0%
Novatti Technologies Ltd	United Kingdom	100.0%	100.0%
Novatti Inc.	United States of America	100.0%	100.0%
Vasco Pay Pty Ltd	Australia	100.0%	100.0%
IBOA Group Holdings Pty Ltd	Australia	80.5%	90.7%
International Bank of Australia Pty Limited	Australia	80.5%	90.7%
Intella Payments Pty Ltd	Australia	49.0%	49.0%
Novatti Acquiring Holdings Pty Ltd	Australia	100.0%	100.0%
Novatti Acquiring Services (AUS) Pty Ltd	Australia	100.0%	100.0%
Novatti Acquiring Services (NZ) Pty Ltd	New Zealand	100.0%	100.0%
Novatti Tech Europe Ltd	Cyprus	100.0%	100.0%
Novatti Emersion Inc.	United States of America	100.0%	100.0%
ATX Fintech Holding Sdn Bhd	Malaysia	100.0%	100.0%
Novatti Global Services Pty Ltd	Australia	100.0%	100.0%
Emavilis Holdings Limited	Cyprus	100.0%	100.0%
Nisaki Holding Limited	Cyprus	100.0%	100.0%
China Payments Services Pty Ltd	Australia	100.0%	100.0%
Novatti Singapore Services Pte Ltd	Singapore	100.0%	100.0%
AUDC Pty Ltd	Australia	78.4%	100.0%
Novatti Transactions and Technology International Ltd	Cyprus	65.0%	65.0%
Flexewallet Pty Ltd	Australia	100.0%	100.0%
Flexewallet (NZ) Ltd	New Zealand	100.0%	100.0%
Novatti (Malaysia) Sdn Bhd	Malaysia	100.0%	100.0%

Note 32. Events after the reporting period

On 25 July 2024, the Company announced that it had entered into a binding agreement with Eurus Capital Pty Ltd for the sale of 100% of its shares in IBOA Group Holdings Pty Ltd for \$2.87 million. The sale was completed on 30 July 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Novatti Group Limited
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Note 33. Reconciliation of loss after income tax to net cash (used in)/from operating activities

	Consolidated	
	2024	2023
	\$'000	\$'000
Loss after income tax expense for the year	(20,603)	(26,545)
Adjustments for:		
Depreciation and amortisation	2,113	2,211
Share-based payments	1,057	2,265
Modification of lease	(260)	-
Unrealised foreign exchange (gain)/loss	956	69
(Gain)/loss on convertible notes	(823)	-
Movement of allowance for expected credit losses	26	1,285
Non-cash finance charges	271	144
Gain on investments at fair value through profit or loss	2,639	15,877
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(354)	32
Decrease/(increase) in prepayments	606	(203)
Increase in trade and other payables	2,218	6,207
Decrease in provision for income tax	-	(39)
Increase/(decrease) in employee benefits	(1,457)	602
(Decrease)/increase in contract liabilities	186	(512)
Net cash (used in)/from operating activities	<u>(13,425)</u>	<u>1,393</u>

Note 34. Loss per share

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Novatti Group Limited	<u>(17,483)</u>	<u>(23,206)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>344,101,532</u>	<u>337,310,860</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>344,101,532</u>	<u>337,310,860</u>
	Cents	Cents
Basic loss per share	(5.081)	(6.880)
Diluted loss per share	(5.081)	(6.880)
	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of Novatti Group Limited	<u>(3,120)</u>	<u>(3,339)</u>

Note 34. Loss per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	344,101,532	337,310,860
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>344,101,532</u>	<u>337,310,860</u>
	Cents	Cents
Basic loss per share	(0.907)	(0.990)
Diluted loss per share	(0.907)	(0.990)
	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Earnings per share for loss</i>		
Loss after income tax	(20,603)	(26,545)
Non-controlling interest	442	235
Loss after income tax attributable to the owners of Novatti Group Limited	<u>(20,161)</u>	<u>(26,310)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	344,101,532	337,310,860
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>344,101,532</u>	<u>337,310,860</u>
	Cents	Cents
Basic loss per share	(5.859)	(7.800)
Diluted loss per share	(5.859)	(7.800)

As at 30 June 2024, the Group has 55,927,693 unlisted options on issue (30 June 2023: 56,743,184) and 36,020,861 listed options (30 June 2023: nil). These options are considered to be non-dilutive whilst the Group is in a loss position.

Note 35. Share-based payments

Options issued under employee share option plan

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel and staff of the Group.

The Employee Share Option Plan is designed to provide long-term incentives for Senior Management (including Directors) and staff to deliver long-term shareholder returns. Options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

The options granted during the year ended 30 June 2024 were calculated based on the Black-Scholes model or Binomial model method of calculation for share-based payments.

The following share-based payment arrangements were in existence during the current financial year and are supported by the table below.

Note 35. Share-based payments (continued)

Grant date	Expiry date	Service / Market conditions	Exercise price (\$)	Balance at the start of the period	Granted	Exercised	Expired / Forfeited / other	Balance at the end of the period
25/11/2019	30/11/2023	Market	\$0.20	3,000,000	-	-	(3,000,000)	-
10/07/2020	10/07/2023	Service	\$0.20	750,000	-	-	(750,000)	-
10/07/2020	01/03/2024	Service	\$0.20	375,000	-	-	(375,000)	-
10/07/2020	01/03/2025	Service	\$0.20	375,000	-	-	-	375,000
26/10/2020	26/10/2023	Service	\$0.30	1,000,000	-	-	(1,000,000)	-
25/11/2020	30/11/2024	Market	\$0.27	2,500,000	-	-	-	2,500,000
22/12/2020	22/12/2023	None	\$0.28	2,700,000	-	-	(2,700,000)	-
22/12/2020	14/10/2023	Service	\$0.30	2,000,000	-	-	(2,000,000)	-
08/02/2021	08/02/2024	Service	\$0.30	200,000	-	-	(200,000)	-
05/04/2021	05/04/2024	Service	\$0.30	300,000	-	-	(300,000)	-
07/04/2021	07/04/2024	Service	\$0.60	100,000	-	-	(100,000)	-
05/05/2021	05/05/2024	Service	\$0.75	100,000	-	-	(100,000)	-
31/05/2021	31/05/2024	Service	\$0.75	400,000	-	-	(400,000)	-
15/10/2021	15/10/2024	Service	\$0.50	800,002	-	-	(600,002)	200,000
15/10/2021	15/10/2024	Service	\$0.75	1,400,000	-	-	(300,000)	1,100,000
20/12/2021	30/11/2025	Market	\$0.45	7,000,000	-	-	-	7,000,000
25/01/2022	25/01/2025	Service	\$0.33	300,000	-	-	(200,000)	100,000
05/04/2022	19/04/2025	Service	\$0.35	2,375,000	-	-	(50,000)	2,325,000
06/07/2022	06/07/2025	Service	\$0.25	833,333	-	-	-	833,333
06/07/2022	06/07/2025	Service	\$0.16	1,666,667	-	-	-	1,666,667
30/09/2022	30/06/2026	None	\$0.25	1,000,000	-	-	-	1,000,000
23/11/2023	30/11/2026	Market	\$0.20	13,000,000	-	-	-	13,000,000
13/12/2022	30/06/2026	None	\$0.25	250,000	-	-	-	250,000
17/04/2023	17/04/2026	Service	\$0.18	1,500,000	-	-	-	1,500,000
13/06/2023	30/06/2027	Market / Service	\$0.20	6,750,000	-	-	-	6,750,000
13/06/2023	30/06/2027	Service	\$0.00	5,568,182	-	-	-	5,568,182
28/11/2023	30/06/2027	Service	\$0.00	-	5,159,377	-	-	5,159,377
28/11/2023	30/06/2027	None	\$0.00	-	3,900,134	-	-	3,900,134
28/11/2023	30/06/2027	Market / Service	\$0.20	-	2,700,000	-	-	2,700,000
				<u>56,243,184</u>	<u>11,759,511</u>	<u>-</u>	<u>(12,075,002)</u>	<u>55,927,693</u>

Weighted average exercise price \$0.255 \$0.046 \$0.000 \$0.304 \$0.201

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.23 years (2023: 2.49 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date \$	Exercise price \$	Barrier price \$	Expected volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date \$
28/11/2023	30/06/2027	0.08	0.20	0.50	80.00	nil	4.21	0.025
28/11/2023	30/06/2027	0.08	0.20	0.75	80.00	nil	4.21	0.016
28/11/2023	30/06/2027	0.08	0.20	1.00	80.00	nil	4.21	0.010
28/11/2023	30/06/2027	0.08	0.00	0.00	0.00	nil	0.00	0.082

These options have different tranches with different vesting periods.

Note 35. Share-based payments (continued)

Options issued for professional services rendered

On 12 January 2024, the Company issued 1,000,000 unlisted options for professional services rendered.

These options were valued using Black-Scholes valuation model.

Set out below are summaries of options granted in lieu of professional services rendered:

30 June 2024 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/10/2021	31/12/2023	\$0.66	500,000	-	-	(500,000)	-
12/01/2024	30/06/2027	\$0.04	-	1,000,000	(1,000,000)	-	-
			<u>500,000</u>	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>(500,000)</u>	<u>-</u>

Options issued from the issue of convertible note and share purchase plan not under accounted for under AASB 2

On 22 February 2024, the Company issued 29,166,667 options to Noteholders with an exercisable price of 9.5 cents each and expiring on 31 January 2027. A Trinomial option valuation methodology has been used to determine the value of the Options issued to the noteholders.

On 4 March 2024, the Company issued 6,854,194 options from share purchase plan with an exercisable price of 9.5 cents each and expiring on 31 January 2027.

For the options issued to Noteholders during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date \$	Exercise price \$	Expected volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date \$
22/02/2024	31/01/2027	0.064	0.095	75.00%	Nil	3.70%	0.024
22/02/2024	31/01/2027	0.056	0.095	75.00%	Nil	3.76%	0.024

Novatti Group Limited
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Novatti Group Limited	Body Corporate	Australia	-	Australia
Novatti Pty Ltd	Body Corporate	Australia	100.00%	Australia
Flexe Payments Pty Ltd	Body Corporate	South Africa	100.00%	South Africa
Flexe Payments (AUS) Pty Ltd	Body Corporate	Australia	100.00%	Australia
Flexe Payments (MLT) Ltd	Body Corporate	Malta	100.00%	Malta
Flexe Payments (UK) Ltd	Body Corporate	United Kingdom	100.00%	United Kingdom
Novatti Commerce Solutions Inc.	Body Corporate	Canada	100.00%	Canada
Novatti Commerce Solutions (MLT) Ltd	Body Corporate	Malta	100.00%	Malta
Novatti Technologies Ltd	Body Corporate	United Kingdom	100.00%	United Kingdom
Novatti Inc.	Body Corporate	United States of America	100.00%	United States of America
Vasco Pay Pty Ltd	Body Corporate	Australia	100.00%	Australia
IBOA Group Holdings Pty Ltd	Body Corporate	Australia	80.49%	Australia
International Bank of Australia Pty Limited	Body Corporate	Australia	80.49%	Australia
Intella Payments Pty Ltd	Body Corporate	Australia	49.00%	Australia
Novatti Acquiring Holdings Pty Ltd	Body Corporate	Australia	100.00%	Australia
Novatti Acquiring Services (AUS) Pty Ltd	Body Corporate	Australia	100.00%	Australia
Novatti Acquiring Services (NZ) Pty Ltd	Body Corporate	New Zealand	100.00%	New Zealand
Novatti Tech Europe Ltd	Body Corporate	Cyprus	100.00%	Cyprus
Novatti Emersion Inc.	Body Corporate	United States of America	100.00%	United States of America
ATX Fintech Holding Sdn Bhd	Body Corporate	Malaysia	100.00%	Malaysia
Novatti Global Services Pty Ltd	Body Corporate	Australia	100.00%	Australia
Emavilis Holdings Limited	Body Corporate	Cyprus	100.00%	Cyprus
Nisaki Holding Limited	Body Corporate	Cyprus	100.00%	Cyprus
China Payments Services Pty Ltd	Body Corporate	Australia	100.00%	Australia
Novatti Singapore Services Pte Ltd	Body Corporate	Singapore	100.00%	Singapore
AUDC Pty Ltd	Body Corporate	Australia	78.43%	Australia
Novatti Transactions and Technology International Ltd	Body Corporate	Cyprus	65.00%	Cyprus
Flexewallet Pty Ltd	Body Corporate	Australia	100.00%	Australia
Flexewallet (NZ) Ltd	Body Corporate	New Zealand	100.00%	New Zealand
Novatti (Malaysia) Sdn Bhd	Body Corporate	Malaysia	100.00%	Malaysia

Novatti Group Limited
Consolidated entity disclosure statement
As at 30 June 2024

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Consolidated entity has applied the following interpretations:

Australian tax residency

The Consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the Consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001). None of the group entities are foreign tax residents.

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the Consolidated entity, partners in a partnership within the Consolidated entity or participants in a joint venture within the Consolidated entity.

Novatti Group Limited
Directors' declaration
30 June 2024

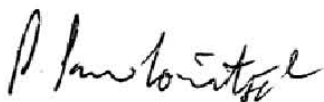
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

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

On behalf of the directors



Peter Pawlowitsch
Chairman

26 September 2024

Independent auditor's report to the members of Novatti Group Limited

Report on the audit of the financial report



Our opinion on the financial report

In our opinion, the accompanying financial report of Novatti Group Limited (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 30 June 2024,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$20,603,000 during the year ended 30 June 2024 and, as of that date, the Group's current liabilities exceeded its current assets by \$9,144,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that the following matters described below to be the key audit matters to be communicated in our report:

Convertible notes	Area of focus (refer also to notes 2, 3 & 18)	How our audit addressed the key audit matter
	During the year, the Group entered into a convertible note arrangement with sophisticated investors, directors and management raising a total of \$3.5 million. On review of the conversion features, it was determined that there was a value associated to the host liability and additionally a value associated with the embedded derivative which is accounted for at fair value through the statement of profit or loss and other comprehensive income. As part of the note issue 29.16 million share options were also issued to the Noteholders. The accounting for the convertible notes and related derivatives is a key audit matter due to the complex nature, including judgemental estimates used in determining the valuation of the convertible notes at initial recognition, and at year end.	Our procedures focused on the appropriateness of the accounting treatment as well as the judgements made in determining the valuation methodology. Our procedures included, amongst others: — Assessing the requirements of <i>AASB 9 Financial Instruments</i> and <i>AASB 132 Financial instruments: Presentation</i> to consider whether the convertible debt was appropriately recognised as a hybrid arrangement. — Utilising an external valuation specialist to assist with assessing the reasonableness of the valuation method and model used to value the embedded derivative and options including the key inputs into the model and the resulting valuation amounts recognised by management; — Assessing the accuracy of the calculation of the interest expense; and — Involving our technical accounting specialists to assist in considering the appropriateness of the adopted accounting treatment. We also considered the adequacy of the Group's disclosures in the notes to the financial report.

Revenue recognition

Area of focus (refer also to notes 2, 3 & 5)

Consistent with the prior year the Group continues to enter into agreements with new trading partners for generating new sources of revenue within the following operating segments:

- Payments AU/NZ
- Payments international (including ATX)
- Technology solutions
- Investments

Each revenue stream requires a bespoke revenue recognition model to ensure that revenue is only recognised:

- a) when a performance milestone is achieved;
- b) can be reliably measured; and
- c) there is a low likelihood for dispute by the customer for revenues that are recognised which are beyond that originally scoped at the inception of the engagement.

This matter was considered a Key Audit Matter due to the complexity of revenue arrangements, managements reassessment of the segments during the year and judgement involved when estimating the progress towards milestones.

How our audit addressed the key audit matter

Our audit procedures included:

- Determining whether revenue recognised is in-compliance with the Group's accounting policies and *AASB 15 Revenue from Contracts with Customers*;
- Analysing managements determination of operating segments was in accordance with *AASB 8 – Operating Segments*, including the change made during the year;
- Identifying and verifying the achievement of performance milestones and recognition of revenue relative to the accretion of that achievement;
- Agreeing revenue streams to a sample of underlying contracts with third parties;
- Examining the existence of revenue, both by testing to contract, invoicing and to subsequent receipt of the revenue from the customer; and
- Analytically reviewing the reasonableness of accrued revenue and billings-in-advance accounts.

We also assessed the appropriateness of disclosures attached to revenues, particularly those mandatorily required by the Australian Accounting Standard, *AASB 15 Revenue from Contracts with Customers*.

Share based payments

Area of focus (refer also to notes 2, 3 & 35)

The Group currently has options issued to employees, key management personnel and other contracting parties through share-based payment arrangements in accordance with *AASB 2 Share-based Payment*.

These options include both market and non-market vesting criteria, including:

- Service (employment) conditions;
- Market-based performance conditions; and
- Other non-market performance conditions.

The valuation of such options requires significant judgement and expertise, particularly in determining the likelihood of achieving the market-based conditions and satisfying all non-market conditions.

The Group engages independent specialists to appraise the fair value of its share-based payment arrangements that involve market-based conditions and assessment of satisfying non-market conditions.

This matter was considered a Key Audit Matter due to the complexity of arrangements and judgement applied in valuing the share-based payments.

How our audit addressed the key audit matter

Our audit procedures included:

- Agreeing the material terms and conditions of any new share-based payment arrangement to plan documentation;
- Examining the share-based payment arrangements to determine the appropriateness of identifying each share-based payment arrangement, including assessment of the grant date;
- Examining the appropriateness of the amortisation model for accreting share-based payment expense to the profit or loss over the vesting period;
- Assessing support for likely outcome of vesting conditions used to value share-based payments;
- Assessing support for satisfaction of achieving non-market conditions which are not market conditions; and
- Assessed the competence and qualification of management's specialist.

We also assessed the adequacy of disclosures in relation to the share options in the Remuneration Report and notes to the financial report.

Discontinued operations and assets held for sale

**Area of focus
(refer also to notes 2, 3, 8, 13 & 20)**

Prior to 30 June 2024 the Group determined that the sale of its banking division (IBOA") was highly probable. Post 30 June 2024 it was announced that a sale of the IBOA was completed with Euris Capital Pty Ltd purchasing 100% of Novatti's shareholding.

Due to the significance of the transaction to the Group's financial position and performance this matter was considered a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included:

- Verified that the accounting treatment of the transaction, including presentation and disclosure was in accordance with the accounting standards and assessing whether the criteria to be classified as held for sale, as well as needing to be presented as a discontinued operation has been satisfied; and
- Verified that the sale transaction, which was completed post year end was highly probable, through discussions with management and review of the Group's Board meeting minutes and other documentation to confirm the sales process.

We have also assessed the adequacy of disclosures in the notes to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

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

This description forms part of our auditor's report.

Report on the Remuneration Report



Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Novatti Group Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in of the directors' report for the year ended 30 June 2024.

Responsibilities

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Alan F. Finnis

A. A. Finnis

Director

Melbourne, 26 September 2024.

Novatti Group Limited
Shareholder information
30 June 2024

The shareholder information set out below was applicable as at 13 September 2024.

	Number of holders of ordinary shares	Number of ordinary shares	% of ordinary shares
Ordinary shares			
1 to 1,000	191	106,929	0.02
1,001 to 5,000	1,023	2,906,475	0.82
5,001 to 10,000	536	4,332,606	1.22
10,001 to 100,000	1,212	44,143,888	12.41
100,001 and over	380	304,260,546	85.53
	<u>3,342</u>	<u>355,750,444</u>	<u>100.00</u>
Holding less than a marketable parcel	651	902,594	0.25
	Number of holders of unquoted options	Number of unquoted options	% unquoted options
Unquoted options			
5,001 to 10,000	7	600,000	1.07
10,001 to 100,000	20	55,327,693	98.93
	<u>27</u>	<u>55,927,693</u>	<u>100.00</u>
	Number of holders of convertible notes	Number of convertible notes	% of convertible notes
Convertible notes			
5,001 to 10,000	1	9,191	0.26
10,001 to 100,000	10	490,809	14.07
100,001 and over	9	2,988,000	85.67
	<u>20</u>	<u>3,488,000</u>	<u>100.00</u>
	Number of holders of quoted options	Number of quoted options	% of quoted options
Quoted options			
10,001 to 100,000	100	4,387,449	11.32
100,001 and over	52	34,383,412	88.68
	<u>152</u>	<u>38,770,861</u>	<u>100.00</u>

Novatti Group Limited
Shareholder information
30 June 2024

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

		13 September 2024 Number of Ordinary Shares Held	%
1	BRAYTER LIMITED	46,631,507	13.11%
2	CITICORP NOMINEES PTY LIMITED	16,105,532	4.53%
3	CORANGAMITE PTY LTD (LAKE CORANGAMITE A/C)	13,174,571	3.70%
4	XIADI CHEN	12,500,000	3.51%
5	MADAM QING LI	10,407,452	2.93%
6	KONGS ACCOUNTING & TAXATION PTY LTD	4,640,000	1.30%
7	SAAB INDUSTRIES PTY LTD	4,500,000	1.26%
8	MR FREEMAN XIN WANG (AFU FAMILY A/C)	4,111,904	1.16%
9	PORTMAN TRADING PTY LIMITED	3,909,092	1.10%
10	KAPAU ENTERPRISES PTY LTD (DUNDAS INVESTMENT A/C)	3,691,183	1.04%
11	SEALEX PTY LTD (THE SEAL A/C)	3,572,116	1.00%
12	JINGTIAN LI	3,571,428	1.00%
13	DASISTAS PTY LTD (DASISTAS SUPER FUND A/C)	3,499,071	0.98%
14	MR PEI LI	3,400,000	0.96%
15	NETWEALTH INVESTMENTS LIMITED (WRAP SERVICES A/C)	3,365,327	0.95%
16	MR ANDREW JONATHAN HEENEY	3,285,714	0.92%
17	RISING UPSTARTS PTY LTD	3,200,000	0.90%
18	MOORGATE INVESTMENTS PTY LTD	3,127,273	0.88%
19	MR ZHIYU NING	3,100,000	0.87%
20	BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT)	3,016,760	0.85%
Total		152,808,930	42.95%
Total issued capital		355,750,444	100.00%

Unquoted equity securities

There are no unquoted equity securities.

There are no holders of unquoted equity securities holding 20% or greater of the number of unquoted equity securities on issue.

Substantial holders

There are no substantial holders in the Company.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Securities subject to voluntary escrow

There are no securities subject to voluntary escrow.

Use of funds

Since admission, the Company has used its cash in a way consistent with business objectives.