

**Novatti Group Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Novatti Group Limited
ACN:	606 556 183
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

**2. Results for announcement to the market**

			\$'000
Revenues from ordinary activities	up	22.3% to	26,239
Loss from ordinary activities after tax attributable to the owners of Novatti Group Limited	down	84.8% to	<u>(2,022)</u>
Loss for the half-year attributable to the owners of Novatti Group Limited	down	84.8% to	<u>(2,022)</u>

*Dividends*

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

*Comments*

The loss from continuing operations for the consolidated entity after providing for income tax amounted to \$5,268,000 (31 December 2023: \$11,672,000). The gain from discontinued operations for the consolidated entity after providing for income tax amounted to \$3,024,000 (31 December 2023: loss of \$1,800,000).

The Group's revenue increased by 22.3% to \$26,239,000 (31 December 2023: \$21,449,000). The underlying EBITDA\* improved by 62% to a loss of \$2,332,000 compared to the corresponding prior year of \$6,158,000 loss.

The net asset position improved by \$1,511,000 to \$1,752,000 as at 31 December 2024 (30 June 2024: \$241,000). Cash and cash equivalent excluding asset held for disposal was \$6,250,000 at 31 December 2024.

	31 December 2024 \$'000	31 December 2023 \$'000	Change \$'000
Net loss from operations	(2,244)	(13,472)	11,228
Less:			
Interest income	(670)	(656)	(14)
Add back:			
Depreciation and amortisation	1,051	1,082	(31)
Finance charges	1,245	605	640
Indirect tax expenses	238	136	102
Income tax expense/(benefit)	16	(35)	51
<b>EBITDA</b>	<u>(364)</u>	<u>(12,340)</u>	<u>11,976</u>
Add back/(less):			
Vesting of share-based payments	824	683	141
Loss on investments held at fair value through profit or loss	-	2,639	(2,639)
Loss on embedded derivative - convertible note facility	42	-	42
Dividends from Reckon Limited	-	(563)	563
Termination payments*	294	396	(102)
Foreign exchange (gain)/loss	(104)	1,140	(1,244)
(Gain)/loss from discontinued operations	<u>(3,024)</u>	<u>1,887</u>	<u>(4,911)</u>
<b>Underlying EBITDA**</b>	<u>(2,332)</u>	<u>(6,158)</u>	<u>3,826</u>

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*\*Termination costs were previously excluded from Underlying EBITDA in interim report for the half year ended 31 December 2023.*

*\*\*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, termination payments, gain on deconsolidation 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.*

During the half the consolidated entity continued to deliver on its strategy of long-term growth in our business. The consolidated entity continues to invest in the ecosystem of Technology, Licences, Partnerships and People as we transition from the development phase to a monetisation phase, the details of which are presented in the "Significant changes in the state of affairs" in the Directors' Report.

Appendix 4D is to be read in conjunction with the 30 June 2024 Annual Report, the 31 December 2024 Half Year Report and the accompanying announcement and presentation.

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.75)</u>	<u>(1.72)</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

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

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**6. Dividends**

*Current period*

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

*Previous period*

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

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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## **9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

All foreign entities are in compliance with IFRS which is equivalent to Australian Accounting Standards.

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## **10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements have been reviewed and an unmodified opinion has been issued with emphasis of matter on a material uncertainty on going concern included in the review report. The review report is attached as part of the Interim Report.

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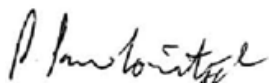
## **11. Attachments**

*Details of attachments (if any):*

The Interim Report of Novatti Group Limited for the half-year ended 31 December 2024 is attached.

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## **12. Signed**



Signed \_\_\_\_\_

Date: 27 February 2025

Peter Pawlowitsch  
Chairman

# **Novatti Group Limited**

**ACN 606 556 183**

**Interim Report - 31 December 2024**

**Novatti Group Limited****Contents****31 December 2024**

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**Novatti Group Limited**  
**Corporate directory**  
**31 December 2024**

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	Automic 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 securities are listed on the Australian Securities Exchange (ASX code: NOV)
Website	<a href="http://www.novatti.com">www.novatti.com</a>
Corporate Governance Statement	<a href="http://www.novatti.com/corporate-governance">www.novatti.com/corporate-governance</a>
Australian Financial Services Licence	AFSL No.448066
New Zealand Financial Services Provider	FSP613789

**Novatti Group Limited**  
**Directors' report**  
**31 December 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 half-year ended 31 December 2024.

**Directors**

The following persons were directors of Novatti Group Limited during the whole of the financial half-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 half-year.

**Review of operations**

The half-year saw continued strong execution of the Company's turnaround strategy to simplify the business, become market and customer led, and lift financial performance. This strategy is underpinned by a commitment to streamline the portfolio, achieve positive operating cashflow and drive towards 70%+ margins.

Since the start of the half, the Group made substantial progress in executing this strategy, including:

- 22% growth in revenue on the prior comparable half year
- 30% reduction in operating expenses on the prior comparable half year
- Implemented phase three of the cost reduction program, delivering a total annualised cost reduction of \$9.8m across the three phases to date
- Review and exit of low profitability services, solutions and customers, notably the withdrawal of wholesale services in Cross Border Payments
- Continued growth in the core business, Payments AU/NZ, with 38% growth in gross transaction value on the prior comparable half year (excluding cross border payments)
- Higher yield within the core Payments AU/NZ business with gross margin increasing to 49% in Q2 FY25, representing a 15% increase year on year, with further gains expected across CY25
- Operationalisation of investments in technologies to enhance internal workflows, including implementing process orchestration and data management software to unlock efficiencies in onboarding, support and operations.
- Commercial wins including renewal of a multi-year service agreement with a tier one Australian telecommunications provider and securing a contract with a major global airline
- Further growth into New Zealand, launching an extension of Novatti's China Payments service for a large university accommodation provider as well as a card program for a leading accounting services firm
- Onboarded nearly 40% of the 500 merchant acceptance pipeline identified at the beginning of FY25
- Sale of 100% of the Group's shares in the International Bank of Australia for \$2.87m on 30 July 2024
- Completed a capital raise for \$7m to fund key growth initiatives, address legacy liabilities and strengthen working capital

**Novatti Group Limited**  
**Directors' report**  
**31 December 2024**

	<b>31 December 2024 \$'000</b>	<b>31 December 2023 \$'000</b>	<b>Change \$'000</b>
<b>Net loss from operations</b>	(2,244)	(13,472)	11,228
Less:			
Interest income	(670)	(656)	(14)
Add back:			
Depreciation and amortisation	1,051	1,082	(31)
Finance charges	1,245	605	640
Indirect tax expenses	238	136	102
Income tax expense/(benefit)	16	(35)	51
<b>EBITDA</b>	<b>(364)</b>	<b>(12,340)</b>	<b>11,976</b>
Add back/(less):			
Vesting of share-based payments	824	683	141
Losses on fair valuation of investments	-	2,639	(2,639)
Losses on embedded derivative - convertible note facility	42	-	42
Dividends from Reckon Limited	-	(563)	563
Termination payments*	294	396	(102)
Foreign exchange (gain)/loss	(104)	1,140	(1,244)
(Gain)/loss from discontinued operations	(3,024)	1,887	(4,911)
<b>Underlying EBITDA**</b>	<b>(2,332)</b>	<b>(6,158)</b>	<b>3,826</b>
Cash	6,250	5,208	1,042

\*Termination costs were previously excluded from Underlying EBITDA in interim report for the half year ended 31 December 2023.

\*\*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, termination payments, gain on deconsolidation 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.

This Interim Report for the half-year ended 31 December 2024 is to be read in conjunction with the 30 June 2024 Annual Report.

### **Significant changes in the state of affairs**

On 25 July 2024, the Company announced that it has 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.

On 11 October 2024, the Company announced a capital raise, which raised \$7m, comprising of a placement to sophisticated and professional investors which raised \$4 million in two tranches (Placement) and a non-renounceable pro rata entitlement offer on a 1-for-3 basis to eligible shareholders which raised \$3 million (Entitlement Offer). Recipients of Shares under the Placement Offer which raised \$4.0 million and Entitlement Offer which raised \$3.0 million were also offered a free attaching option on a 1:1 basis with an exercise price of \$0.064 (6.4 cents) per option and expiry date of 31 December 2027.

The offer price of each new Share under the Placement and Entitlement Offer was \$0.04. It represented:

- 31.6% discount to the Company's last traded price of A\$0.0585 on 8 October 2024; and
- 39.7% discount to the 5-day VWAP of A\$0.0664 as at 8 October 2024.

On 23 October 2024, the first tranche of shares under the Placement, comprising 50,612,567 fully paid ordinary shares at \$0.04 (4 cents) per share were issued and raised \$2,024,503 before costs.



**Novatti Group Limited**  
**Directors' report**  
**31 December 2024**

On 26 November 2024, upon the completion of the Entitlement Offer on 19 November 2024, the Company issued 7,110,404 fully paid ordinary shares at \$0.04 (4 cents) per share were issued and raised \$284,416 before costs; and 7,110,404 free attached options with exercise price of \$0.064 (6.4 cents) and expiring on 31 December 2027.

On 27 November 2024, upon the completion of the Entitlement Offer on 19 November 2024, the Company issued 68,077,096 fully paid ordinary shares at \$0.04 (4 cents) per share were issued and raised \$2,723,084 before costs; and 68,077,096 free attached options with exercise price of \$0.064 (6.4 cents) and expiring on 31 December 2027 to the underwriter and sub-underwriters, including 11,770,604 ordinary shares and 11,770,604 free attached options (for an approximate value of \$470,824) to Mr Peter Pawlowitsch and Mr Peter Cook.

On 9 December 2024, upon approval by shareholders at the Company's Annual General Meeting held on 28 November 2024 of the second tranche of shares under the Placement, the Company issued 50,000,000 ordinary shares at \$0.04 (4 cents) per share and raised \$2,000,000 before cost. The Company, on the same day also issued 155,852,587 Options with exercise price of \$0.064 (6.4 cents) and expiring on 31 December 2027 to recipients of shares under the Placement and to GBA Capital Pty Ltd and Ord Minnett Limited (and their nominees) in connection with lead manager and underwriting services for the capital raise.

On 11 December 2024, the Company issued 9,295,492 fully paid ordinary shares at \$0.04 (4 cents) per share; and 9,295,492 share options with exercise price of \$0.064 (6.4 cents) and expiring on 31 December 2027 to the noteholders, upon conversion of 370,000 convertible notes with a \$1 face value, a coupon of 10% per annum and a maturity date of 22 December 2026 plus accrued interest.

On 16 December 2024, the Company issued 9,136,932 unlisted zero exercise price options with expiry date of 30 June 2028 to key management personnels of the Company.

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

**Matters subsequent to the end of the financial half-year**

On 6 January 2025, the Company repaid all remaining unsecured loan from related parties.

No other matter or circumstance has arisen since 31 December 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.

**Rounding of amounts**

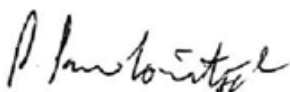
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Peter Pawlowitsch  
Chairman

27 February 2025

## 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 review of Novatti Group Limited for the half-year ended 31 December 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

William Buck

**William Buck Audit (Vic) Pty Ltd**

ABN 59 116 151 136

A. A. Finnis

**A. A. Finnis**

Director

Melbourne, 27 February 2025

**Novatti Group Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2024**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
		<b>\$'000</b>	<b>\$'000</b>
			<b>Restated*</b>
<b>Revenue from continuing operations</b>	4	26,239	21,449
Other income	5	947	1,392
<b>Expenses</b>			
Administrative and corporate costs		(1,828)	(1,906)
Client hosting fees and other direct services		(18,217)	(12,378)
Employee benefits		(7,689)	(12,117)
Foreign currency gain/(loss)		104	(1,140)
Marketing and selling expenses		(72)	(318)
Data management expenses		(1,574)	(1,680)
Loss on investments at fair value through profit or loss		-	(2,639)
Share-based payments		(824)	(683)
Loss on embedded derivative - convertible note facility		(42)	-
Depreciation and amortisation expense		(1,051)	(1,082)
Finance costs		(1,245)	(605)
<b>Loss before income tax (expense)/benefit from continuing operations</b>		(5,252)	(11,707)
Income tax (expense)/benefit		(16)	35
Loss after income tax (expense)/benefit from continuing operations		(5,268)	(11,672)
Profit/(loss) after income tax expense from discontinued operations	6	3,024	(1,800)
<b>Loss after income tax (expense)/benefit for the half-year</b>		(2,244)	(13,472)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		14	228
Other comprehensive income for the half-year, net of tax		14	228
<b>Total comprehensive income for the half-year</b>		<u>(2,230)</u>	<u>(13,244)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(222)	(181)
Owners of Novatti Group Limited		(2,022)	(13,291)
		<u>(2,244)</u>	<u>(13,472)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(148)	-
Discontinued operations**		(74)	(181)
Non-controlling interest		(222)	(181)
Continuing operations		(5,106)	(11,444)
Discontinued operations**		3,098	(1,619)
Owners of Novatti Group Limited		(2,008)	(13,063)
		<u>(2,230)</u>	<u>(13,244)</u>

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

**Novatti Group Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2024**

	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for loss from continuing operations attributable to the owners of Novatti Group Limited</b>		
Basic earnings per share	(1.31)	(3.39)
Diluted earnings per share	(1.31)	(3.39)
<b>Earnings/(loss) per share from discontinued operations attributable to the owners of Novatti Group Limited</b>		
Basic earnings per share	0.80	(0.53)
Diluted earnings per share	0.61	(0.53)
<b>Earnings per share for loss attributable to the owners of Novatti Group Limited</b>		
Basic earnings per share	(0.51)	(3.92)
Diluted earnings per share	(0.51)	(3.92)

\* The above consolidated statement of comprehensive income for the year ended 31 December 2023 has been restated for discontinued operations.

\*\* The options on issue are considered to be dilutive for the calculation of earnings/(loss) per share from discontinued operations, as the Group record a gain on discontinued operation for the reporting period. Therefore, the weighted average number of shares applied for calculation of earnings per share for loss attributable to the owners of Novatti Group Limited was not consistent with earnings/(loss) per share from discontinued operations attributable to the owners of Novatti Group Limited.

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

**Novatti Group Limited**  
**Statement of financial position**  
**As at 31 December 2024**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December</b>	<b>30 June 2024</b>
		<b>2024</b>	<b>\$'000</b>
		<b>\$'000</b>	<b>Restated*</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,250	5,208
Trade and other receivables		11,077	8,623
Financial assets - funds in trust	7	72,096	93,403
Other current assets		611	525
		<u>90,034</u>	<u>107,759</u>
Assets of disposal groups classified as held for sale		-	4,357
Total current assets		<u>90,034</u>	<u>112,116</u>
<b>Non-current assets</b>			
Other investments at fair value through profit and loss		166	166
Plant and equipment		250	295
Right-of-use assets		222	353
Intangible assets		5,834	6,390
Security deposits		4,754	4,537
Total non-current assets		<u>11,226</u>	<u>11,741</u>
<b>Total assets</b>		<u>101,260</u>	<u>123,857</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		20,377	22,801
Settlement and remittance funds payable	8	72,096	93,390
Borrowings		230	880
Lease liabilities		148	243
Contract liabilities		959	472
Convertible note facilities	9	2,336	2,146
Employee benefits		3,227	3,078
		<u>99,373</u>	<u>123,010</u>
Liabilities directly associated with assets classified as held for sale		-	396
Total current liabilities		<u>99,373</u>	<u>123,406</u>
<b>Non-current liabilities</b>			
Lease liabilities		87	146
Employee benefits		48	64
Total non-current liabilities		<u>135</u>	<u>210</u>
<b>Total liabilities</b>		<u>99,508</u>	<u>123,616</u>
<b>Net assets</b>		<u>1,752</u>	<u>241</u>
<b>Equity</b>			
Issued capital	10	97,870	91,806
Reserves		7,054	5,972
Accumulated losses		(103,923)	(102,345)
Equity/(deficiency) attributable to the owners of Novatti Group Limited		1,001	(4,567)
Non-controlling interest		751	4,808
<b>Total equity</b>		<u>1,752</u>	<u>241</u>

\* Refer to note 2 for detailed information on restatement resulted from adoption of amended accounting standard.

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

**Novatti Group Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2024**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Equity settled share-based payments reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity attributable to owners of the Company \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
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 half-year	-	-	-	(13,291)	(13,291)	(181)	(13,472)
Other comprehensive income for the half-year, net of tax	-	-	228	-	228	-	228
Total comprehensive income for the half-year	-	-	228	(13,291)	(13,063)	(181)	(13,244)
Transactions with owners in their capacity as owners:							
Vesting of share-based payments arrangements	-	683	-	-	683	-	683
Lapsed of share options	-	(935)	-	935	-	-	-
External Investor ownership in subsidiary	-	-	-	-	-	850	850
Balance at 31 December 2023	<u>90,686</u>	<u>4,767</u>	<u>610</u>	<u>(95,833)</u>	<u>230</u>	<u>3,534</u>	<u>3,764</u>

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

**Novatti Group Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2024**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Equity settled share-based payments reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Convertible note reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity attributable to owners of the Company \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2024	91,806	4,723	568	681	(102,345)	(4,567)	4,808	241
Loss after income tax expense for the half-year	-	-	-	-	(2,022)	(2,022)	(222)	(2,244)
Other comprehensive income for the half-year, net of tax	-	-	14	-	-	14	-	14
Total comprehensive income for the half-year	-	-	14	-	(2,022)	(2,008)	(222)	(2,230)
<i>Transactions with owners in their capacity as owners:</i>								
Shares issued under placement, net of transaction costs (note 10)	3,043	688	-	-	-	3,731	-	3,731
Shares issued to underwriters and sub-underwriter (note 10)	2,723	-	-	-	-	2,723	-	2,723
Shares issued on conversion of convertible notes (note 10)	298	-	-	-	-	298	-	298
Lapsed of expired share options	-	(444)	-	-	444	-	-	-
Vesting of share based payments arrangements	-	824	-	-	-	824	-	824
Contribution to non-controlling interest (note 6)	-	-	-	-	-	-	1,384	1,384
Derecognition of non-controlling interest (note 6)	-	-	-	-	-	-	(5,219)	(5,219)
Balance at 31 December 2024	<u>97,870</u>	<u>5,791</u>	<u>582</u>	<u>681</u>	<u>(103,923)</u>	<u>1,001</u>	<u>751</u>	<u>1,752</u>

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

**Novatti Group Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2024**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		54,168	44,883
Payments to suppliers and employees (inclusive of GST)		(63,348)	(52,878)
Interest received		692	651
Dividends received		-	563
Government grant received		268	338
Interest and other finance costs paid		(147)	(772)
Income taxes (paid)/refunded		(16)	35
Net cash used in operating activities		(8,383)	(7,180)
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		-	(10)
Payments for intangible assets		(48)	(124)
Proceeds from disposal of Reckon		-	8,958
Cash reduction from disposal of IBOA Group Holdings Pty Limited ("IBOA")	6	(4,877)	-
Proceed from disposal of IBOA	6	2,869	-
Net cash from/(used in) investing activities		(2,056)	8,824
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	10	7,032	-
Proceeds from the issue of shares into IBOA		1,103	-
Proceeds from issues of equity securities of the AUDC		200	-
Proceeds from borrowings		-	1,500
Share issue transaction costs	10	(579)	-
Repayment of borrowings		(641)	(10,500)
Repayment of lease liabilities		(154)	(142)
Net cash from/(used in) financing activities		6,961	(9,142)
Net decrease in cash and cash equivalents		(3,478)	(7,498)
Cash and cash equivalents at the beginning of the financial half-year		9,469	18,215
Effects of exchange rate changes on cash and cash equivalents		259	235
Cash and cash equivalents at the end of the financial half-year		6,250	10,952

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



**Note 1. General information**

The financial statements cover 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 half-year ended 31 December 2024. 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 27 February 2025.

**Note 2. Material accounting policy information**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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:

*Classification of convertible note liabilities on the statement of financial position*

During the reporting period the consolidated entity adopted for the first time 2020-1 (2020-6 as amended): Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, which became mandatory in the reporting period. The impact of the change related to the consolidated entity's convertible notes and the conversion options classified as financial liability, which included conversion entitlements entitling the investor to convert the notes to equity within 12 months of the reporting date, irrespective of the note's cash redemption date. Previously the entity classified such liabilities as non-current liabilities.

As a consequence, the balance as at 30 June 2024 of convertible note liabilities have been restated from non-current to current in the consolidated statement of financial position, as follows:

**Note 2. Material accounting policy information (continued)**

	30 June 2024 \$'000 Reported	Consolidated \$'000 Adjustment	30 June 2024 \$'000 Restated
<b>Extract</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Convertible note facilities	-	2,146	2,146
Total current liabilities	121,260	2,146	123,406
<b>Non-current liabilities</b>			
Convertible note facilities	2,146	(2,146)	-
Total non-current liabilities	2,356	(2,146)	210
<b>Total liabilities</b>	123,616		123,616
<b>Net assets</b>	241	-	241

**Going concern**

The financial statements for the period ended 31 December 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 period the entity recorded revenue of \$26,239,000, a net loss after tax of \$2,244,000 and incurred net cash outflows from operating activities of \$8,383,000.

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:

- Execution of strategic review outcomes remains ongoing with the intention to divest non-core assets to streamline the portfolio and generate a financial return to Novatti;
- The business has reduced operating expenses consistently during FY24 and FY25 to date, with further optimisation planned;
- The Payments AU/NZ Division is the core focus for growth, with margins recently improved and this is expected to continue through CY25;
- 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; and
- 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.

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.

**Note 3. Operating segments**

*Identification of reportable operating segments*

The Group is organised into four operating business segments:

**Note 3. Operating segments (continued)**

- (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 half-year ended 31 December 2023 has been restated to reflect the performance of the current operating segments in the prior period.

*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.
	Novatti Billpay: enables payment of Australian invoices directly from a range of Asian digital wallets.
Payments International	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.
	Enterprise software provides general purpose technology supporting implementation of enterprise specific payment and billing solutions.
Investments	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 31 December 2024, the consolidated entity did not transact with any single customer that individually represented more than 10% of revenues (31 December 2023: nil).

**Note 3. Operating segments (continued)**

*Operating segment information*

For the breakdown of operating segment revenue into disaggregated revenue components, refer to note 4.

<b>Consolidated - 31 December 2024</b>	<b>Payments AU/NZ \$'000</b>	<b>Payments International \$'000</b>	<b>Technology Solutions \$'000</b>	<b>Investments (excluding discontinued operations) \$'000</b>	<b>Consolidated \$'000</b>
<b>Revenue</b>					
Revenue from ordinary activities	6,694	15,691	3,202	652	26,239
Other income *	893	-	-	54	947
<b>Total revenue</b>	<b>7,587</b>	<b>15,691</b>	<b>3,202</b>	<b>706</b>	<b>27,186</b>
<b>EBITDA</b>	<b>449</b>	<b>1,019</b>	<b>1,136</b>	<b>(456)</b>	<b>2,148</b>
Corporate EBITDA					(4,342)
Foreign currency translation gains					104
Depreciation and amortisation					(1,051)
Finance costs					(1,245)
Vesting charge for share-based payments					(824)
Losses on embedded derivative - convertible note facility into Novatti Group Ltd the parent entity					(42)
<b>Loss before income tax expense</b>	<b>449</b>	<b>1,019</b>	<b>1,136</b>	<b>(456)</b>	<b>(5,252)</b>
Income tax expense	-	-	-	-	(16)
<b>Loss after income tax expense from continuing operations</b>	<b>449</b>	<b>1,019</b>	<b>1,136</b>	<b>(456)</b>	<b>(5,268)</b>
Gain on discontinued operations					3,024
<b>Loss after income tax expense for the year</b>	<b>449</b>	<b>1,019</b>	<b>1,136</b>	<b>(456)</b>	<b>(2,244)</b>
Foreign currency translation					14
<b>Total comprehensive income for the year, net tax</b>	<b>449</b>	<b>1,019</b>	<b>1,136</b>	<b>(456)</b>	<b>(2,230)</b>

Note 3. Operating segments (continued)

	Payments AU/NZ \$'000 Restated	Payments International \$'000 Restated	Technology Solutions \$'000 Restated	Investments (excluding discontinued operations) \$'000 Restated	Consolidated \$'000 Restated
<b>Consolidated - 31 December 2023</b>					
<b>Revenue</b>					
Revenue from ordinary activities	6,646	11,307	2,935	561	21,449
Other income *	837	-	-	634	1,471
<b>Total revenue</b>	<u>7,483</u>	<u>11,307</u>	<u>2,935</u>	<u>1,195</u>	<u>22,920</u>
<b>EBITDA</b>	(1,531)	1,215	501	239	424
Corporate EBITDA					(5,982)
Foreign currency translation losses					(1,140)
Losses on investments at fair value through profit or loss					(2,639)
Depreciation and amortisation					(1,082)
Finance costs					(605)
Vesting charge for share-based payments					(683)
<b>Loss before income tax expense</b>	<u>(1,531)</u>	<u>1,215</u>	<u>501</u>	<u>239</u>	<u>(11,707)</u>
Income tax expense	-	-	-	-	35
<b>Loss after income tax expense from continuing operations</b>	<u>(1,531)</u>	<u>1,215</u>	<u>501</u>	<u>239</u>	<u>(11,672)</u>
Loss from discontinued operations					(1,800)
<b>Loss after income tax expense for the year</b>	<u>(1,531)</u>	<u>1,215</u>	<u>501</u>	<u>239</u>	<u>(13,472)</u>
Foreign currency translation					228
<b>Total comprehensive income for the year, net tax</b>	<u><u>(1,531)</u></u>	<u><u>1,215</u></u>	<u><u>501</u></u>	<u><u>239</u></u>	<u><u>(13,244)</u></u>

\* Other income, including interest income, government grants, dividend income and others, has been allocated to respective operating segments. Refer to note 5 for details of other income.

For the breakdown of operating segment revenue into disaggregated revenue components, refer to note 4.

	Sales to external customers 31 December 2024 \$'000	Sales to external customers 31 December 2023 \$'000	Geographical non-current assets 31 December 2024 \$'000	Geographical non-current assets 30 June 2024 \$'000
Australia & New Zealand	7,612	9,076	3,102	4,563
Malta	10,716	5,127	-	-
Malaysia	2,523	2,397	8,124	7,178
United States	2,019	1,749	-	-
Netherlands	1,774	1,139	-	-
Others	1,595	1,961	-	-
	<u><u>26,239</u></u>	<u><u>21,449</u></u>	<u><u>11,226</u></u>	<u><u>11,741</u></u>

**Novatti Group Limited**  
**Notes to the financial statements**  
**31 December 2024**

**Note 4. Revenue**

31 December 2024

**Sales revenue:**

Payments AU/NZ  
Payments International  
Technology Solutions  
Investments

Timing of revenue recognition Services provided at point in time \$'000	Timing of revenue recognition Services provided over time \$'000	Consolidated 31 December 2024 \$'000
6,694	-	6,694
15,670	-	15,670
1,185	2,017	3,202
673	-	673
24,222	2,017	26,239

31 December 2023

**Sales revenue:**

Payments AU/NZ  
Payments International  
Technology Solutions  
Investments

Timing of revenue recognition Services provided at point in time \$'000	Timing of revenue recognition Services provided over time \$'000	Consolidated 31 December 2023 \$'000
6,646	-	6,646
11,307	-	11,307
974	1,960	2,934
562	-	562
19,489	1,960	21,449

**Note 5. Other income**

	Consolidated 31 December 2024 \$'000	Consolidated 31 December 2023 \$'000
Government grants	268	339
Dividends	-	563
Interest *	670	569
Other	9	(79)
Other income	947	1,392

\* The interest income of \$87,000 for the half year ended 31 December 2023 has been restated for discontinued operations.

**Note 6. Discontinued operations**

*Description*

During the year ended 30 June 2024, followed a strategic review of banking segment, including IBOA Group Holdings Pty Ltd and International Bank of Australia Pty Limited (collectively "IBOA"), management considered that it is unlikely to contribute to the Company's long term financial goals, as such the Company accounted IBOA for 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. The transaction was completed on 30 July 2024.

**Note 6. Discontinued operations (continued)**

*Carrying amounts of assets and liabilities disposed*

	<b>Consolidated 31 December 2024 \$'000</b>
Cash and cash equivalents	4,877
Trade and other receivables	115
Fund in trust	1
Total assets	<u>4,993</u>
Trade payables	136
Employee benefits	140
Total liabilities	<u>276</u>
Net assets	<u><u>4,717</u></u>

*Details of the disposal*

	<b>Consolidated 31 December 2024 \$'000</b>
Total sale consideration	2,869
Carrying amount of net assets disposed	(4,717)
Derecognition of non-controlling interest	<u>5,219</u>
Gain on disposal before income tax	3,371
Income tax expense	<u>-</u>
Gain on disposal after income tax	<u><u>3,371</u></u>

*Reconciliation of gain of discontinued operations*

	<b>Consolidated 31 December 2024 \$'000</b>
Loss after income tax *	(347)
Gain on disposal	<u>3,371</u>
Gain on discontinued operations	<u><u>3,024</u></u>

\* The \$347,000 loss incurred during the half-year from the IBOA was not considered material. Consequently, the statement of profit or loss and cash flow details of IBOA have not been presented.

**Note 7. Financial assets - funds in trust**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2024</b>
	<b>2024</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Settlement funds*	20,018	30,906
Remittance funds*	1,088	9,958
Client visa funds*	50,990	52,539
	<u>72,096</u>	<u>93,403</u>

\* Refer to note 8 Current liabilities – Settlement, Remittance and Client visa funds payable

**Note 8. Settlement and remittance funds payable**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2024</b>
	<b>2024</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Settlement funds payable*	20,018	30,893
Remittance funds payable*	1,088	9,958
Client visa funds payable*	50,990	52,539
	<u>72,096</u>	<u>93,390</u>

\*Client Funds held for Settlement, Remittance and Visa, refer to note 7 - Financial assets - funds in trust.

**Note 9. Convertible note facilities**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2024</b>
	<b>2024</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Loan payable - Convertible note facility for \$2.275M and \$1.225M at 10% pa	1,376	1,228
Embedded derivative - Convertible note facility	960	918
	<u>2,336</u>	<u>2,146</u>

As at 31 December 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 31 December 2024.



**Note 9. Convertible note facilities (continued)**

	<b>31 December 2024</b>	
	<b>No.</b>	<b>\$'000</b>
Opening balance	3,488,000	2,146
Fair value gains on embedded derivative - convertible note facility into Novatti Group Ltd the parent entity	-	42
Amortisations and accrued interest charged on convertible notes over the period	-	446
Conversion of convertible notes into shares during the year	(370,000)	(298)
Closing balance	<u>3,118,000</u>	<u>2,336</u>

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
<b>31 December 2024</b>				
<i>Liabilities</i>				
Embedded derivatives of convertible notes	-	-	960	960
	<u>-</u>	<u>-</u>	<u>960</u>	<u>960</u>
<b>30 June 2024</b>				
<i>Liabilities</i>				
Embedded derivatives of convertible note	-	-	918	918
	<u>-</u>	<u>-</u>	<u>918</u>	<u>918</u>

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

	Level 3 31 December 2024 \$'000	Level 3 30 June 2024 \$'000
Opening fair value	(918)	-
Addition of embedded derivatives of convertible note	-	(1,741)
Fair value (losses)/gains	(42)	823
	<u>(960)</u>	<u>(918)</u>

**Note 9. Convertible note facilities (continued)**

*Valuation techniques for fair value measurements categorised within level 3*

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 85% and the risk-free rate used was 3.84%.

*Embedded derivatives of convertible note*

Derivative liability relates to convertible note facility issued on 3 January 2024 (refer note 9 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 31 December 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 85% and the risk-free rate used was 3.84%.

There were no transfers between levels during the financial half-year.

**Note 10. Issued capital**

	<b>31 December 2024 Shares</b>	<b>30 June 2024 Shares</b>	<b>Consolidated 31 December 2024 \$'000</b>	<b>30 June 2024 \$'000</b>
Ordinary shares - fully paid	<u>540,846,003</u>	<u>355,750,444</u>	<u>97,870</u>	<u>91,806</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>		<b>\$'000</b>
Balance	1 July 2024	355,750,444		91,806
Placement	23 October 2024	50,612,567	\$0.040	2,025
Entitlement Offer	26 November 2024	7,110,404	\$0.040	285
Shares issued to underwriter and sub-underwriters	26 November 2024	68,077,096	\$0.040	2,723
Placement	6 December 2024	50,000,000	\$0.040	2,000
Conversion of convertible notes (refer to note 9)	11 December 2024	9,295,492	\$0.040	298
Cost of capital raising				(1,267)
Balance	31 December 2024	<u>540,846,003</u>		<u>97,870</u>

*Ordinary shares*

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

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

*Share buy-back*

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

### **Note 11. Contingent liabilities**

Deposits under non-current assets are refundable collateral held on application of the Visa issuing licence. The conditions in place for the deposits are relating to a) the Visa partnership Principal License; and b) 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 consolidated entity had no other contingent liabilities as at 31 December 2024 and 30 June 2024.

### **Note 12. Events after the reporting period**

On 6 January 2025, the Company repaid all remaining unsecured loan from related parties.

No other matter or circumstance has arisen since 31 December 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.

### **Note 13. 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 ("the 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.

On 16 December 2024, the Company issued 9,136,932 unlisted zero exercise price options ("ZEPOs") under the Plan to key management personnel of the Company expiring on 30 June 2028.

The options granted during the half-year ended 31 December 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 13. 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
10/07/2020	01/03/2025	Service	\$0.20	375,000	-	-	-	375,000
25/11/2020	30/11/2024	Market	\$0.27	2,500,000	-	-	(2,500,000)	-
15/10/2021	15/10/2024	Service	\$0.50	200,000	-	-	(200,000)	-
15/10/2021	15/10/2024	Service	\$0.75	1,100,000	-	-	(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	100,000	-	-	-	100,000
05/04/2022	19/04/2025	Service	\$0.35	2,325,000	-	-	-	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	-	-	(477,273)	5,090,909
28/11/2023	30/06/2027	Service	\$0.00	5,159,377	-	-	(397,727)	4,761,650
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
16/12/2024	30/06/2028	Service	\$0.00	-	9,136,932	-	-	9,136,932
				<u>55,927,693</u>	<u>9,136,932</u>	<u>-</u>	<u>(4,675,000)</u>	<u>60,389,625</u>

Set out below are the options exercisable at 31 December 2024 and 30 June 2024:

Grant date	Expiry date	31 December 2024 Number	30 June 2024 Number
10/07/2020	1/03/2025	375,000	375,000
20/12/2021	30/11/2025	7,000,000	7,000,000
25/01/2022	25/01/2025	100,000	100,000
5/04/2022	19/04/2025	2,325,000	2,325,000
6/07/2022	6/07/2025	833,333	833,333
6/07/2022	6/07/2025	1,666,667	833,333
30/09/2022	30/06/2026	1,000,000	1,000,000
23/11/2023	30/11/2026	13,000,000	13,000,000
13/12/2022	30/06/2026	250,000	250,000
17/04/2023	17/04/2026	1,000,000	1,000,000
13/06/2023	30/06/2027	3,000,000	3,000,000
13/06/2023	30/06/2027	318,182	318,182
28/11/2023	30/06/2027	5,252,693	5,252,693
16/12/2024	30/06/2028	4,568,466	-
		<u>40,689,341</u>	<u>35,287,541</u>

**Note 13. Share-based payments (continued)**

For the options granted during the current financial half-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 \$	Fair value at grant date \$
16/12/2024	30/6/2028	0.033	0.00	0.033

These options have different tranches with different vesting periods.

**Note 13. Share-based payments (continued)**

**Options issued for professional services rendered**

On 18 July 2024, the Company issued 2,750,000 listed options with an exercise price of \$0.095 (9.5 cent) per option and expiring on 31 January 2027 to MAPD Nominees Pty Ltd for acting in the capacity of security trustee in connection with the issue of the convertible notes.

On 6 December 2024, the Company issued 55,240,020 listed options with an exercise price of \$0.064 (6.4 cent) per option expiring on 31 December 2027 to underwriter of the placement.

These options were valued using Black-Scholes valuation model.

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

31 December 2024	Grant date	Expiry date	Exercise price	Balance at		Expired/ forfeited/ other	Balance at
				the start of the year	Granted		the end of the year
	18/07/2024	31/01/2027	\$0.095	-	2,750,000	-	2,750,000
	06/12/2024	31/12/2027	\$0.064	-	55,240,020	-	55,240,020
				-	57,990,020	-	57,990,020

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	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
18/07/2024	31/01/2027	\$0.054	\$0.095	80.00%	-	3.98%	\$0.018
06/12/2024	31/12/2027	\$0.033	\$0.064	85.00%	-	3.91%	\$0.012

**Options issued not accounted for under AASB 2 share-based payments**

On 26 November 2024, the Company issued 75,187,500 free attached options with exercise price of \$0.064 (6.4 cents) and expiring on 31 December 2027.

On 6 December 2024, the Company issue 100,612,567 free attached options with exercise price of \$0.064 (6.4 cents) and expiring on 31 December 2027, including 9,500,000 ordinary shares and 10,540,000 free attached options (for an approximate value of \$421,600) to Mr Peter Pawlowitsch and Mr Peter Cook.

On 11 December 2024, the Company issued 9,295,492 share options with exercise price of \$0.064 (6.4 cents) and expiring on 31 December 2027 to the noteholders, as part of the conversion of 370,000 convertible notes with a \$1 face value, a coupon of 10% per annum and a maturity date of 22 December 2026 plus accrued interest.

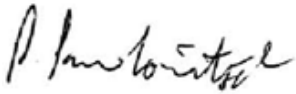
**Novatti Group Limited**  
**Directors' declaration**  
**31 December 2024**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Peter Pawlowitsch  
Chairman

27 February 2025

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

### Report on the half-year financial report



#### Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Novatti Group Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2024,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



## Material Uncertainty Related to Going Concern

We draw attention to Note 2 within the half-year financial report, which states that the Group incurred a net loss after tax of \$2,244,000 and net cash outflows from operating activities of \$8,383,000 for the half-year ended 31 December 2024. As stated in Note 2, these events and 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 conclusion is not modified in respect of this matter.

## Responsibilities of the directors for the half-year financial report

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

## Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*William Buck*

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

*Alan F. Finnis*

**A. A. Finnis**  
Director  
Melbourne, 27 February 2025