

**Novatti Group Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity:	Novatti Group Limited
ACN:	606 556 183
Reporting period:	For the year ended 30 June 2025
Previous period:	For the year ended 30 June 2024

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

		%	\$'000
Revenue from continued operations	up	24.1% to	<u>50,482</u>
Loss for the year attributable to the owners of Novatti Group Limited	Down	69.7% to	<u>(6,110)</u>

*Dividends*

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

*Comments*

The consolidated entity recorded a loss from continuing operations after income tax of \$8,796,000 for the year ended 30 June 2025 (30 June 2024: \$16,148,000). Profit from discontinued operations for the consolidated entity after providing for income tax amounted to \$2,153,000 (30 June 2024: \$4,455,000).

The Group's revenue increased by 24.1% to \$50,482,000 for the year ended 30 June 2025 (30 June 2024: \$40,693,000). The underlying EBITDA\* increased by 73% to a loss of \$3,059,000 compared to a restated loss of \$11,382,000 in the prior year.

The Group's net asset position decreased by \$1,120,000 to a net deficiency of \$879,000 as at 30 June 2025 (30 June 2024: net assets of \$241,000). This reflects a change from a net asset position in the prior year to a deficit in the current year. Cash and cash equivalents, excluding assets held for disposal, were \$2,376,000 at 30 June 2025.

	2025 \$'000	2024 \$'000 Restated	Change \$'000	Change %
Net loss from operations	(6,643)	(20,603)	13,960	(68%)
Less:				
Interest income	(1,060)	(1,445)	385	(27%)
Add back:				
Depreciation and amortisation	1,393	1,428	(35)	(2%)
Finance charges	1,850	1,504	346	23%
Indirect tax expenses	5	16	(11)	(69%)
<b>EBITDA</b>	<u>(4,455)</u>	<u>(19,100)</u>	<u>14,645</u>	<u>(77%)</u>
Add back/(less):				
Vesting of share-based payments	1,822	1,057	765	72%
Losses on fair value movement of investments	-	2,639	(2,639)	(100%)
Fair value movement of embedded derivatives of convertible notes	(564)	(823)	259	(31%)
Dividends from Reckon Limited	-	(563)	563	(100%)
Termination payments	290	953	(663)	(70%)
Gain on extinguishment of liability	2,001	-	2,001	-
Loss from discontinued operations	(2,153)	4,455	(6,608)	(148%)
<b>Underlying EBITDA *</b>	<u>(3,059)</u>	<u>(11,382)</u>	<u>8,323</u>	<u>(73%)</u>

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\* *Underlying EBITDA is a non-IFRS measure defined as profit before income tax, excluding depreciation and amortisation, share-based payments, net finance costs, due diligence costs, fair value movements on embedded derivatives, restructuring costs, and discontinued operations. The Company considers this non-IFRS and operational measure useful for monitoring and understanding the Group's performance; however, it should not be considered in isolation or as a substitute for IFRS-compliant measures.*

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(1.10)	(1.72)

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable for the year ended 30 June 2025. On 25 July 2024, the Company announced that it has entered into a binding agreement with Eurus Capital Pty Ltd (Eurus) for the sale of 100% of its shares in IBOA Group Holdings Pty Ltd (IBOA) with a consideration of \$2,869,000.

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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 Company's audit is currently ongoing. Consistent with the half-year interim report for the half year ended 31 December 2024, the Company expects the audit report will include an emphasis of matter paragraph. This is anticipated to highlight a material uncertainty regarding the Company's ability to continue as going concern and the need to strengthen its balance sheet, which may involve future capital raising, access to debt facilities, growth in sales and remain focused on cost management and/or the sale of non-core assets.

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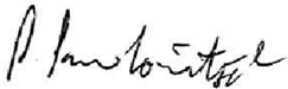
**11. Attachments**

*Details of attachments (if any):*

The Preliminary Final Report of Novatti Group Limited for the year ended 30 June 2025 is attached.

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**12. Signed**



Signed \_\_\_\_\_

Date: 29 August 2025

Peter Pawlowitsch  
Chairman

**Novatti Group Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2025**

	<b>Note</b>	<b>Consolidated 2025 \$'000</b>	<b>2024 * \$'000</b>
<b>Revenue from continuing operations</b>	2	50,482	40,693
Other income	3	3,689	2,945
<b>Expenses</b>			
Administrative and corporate costs		(4,834)	(3,454)
Client hosting fees and other direct services		(36,782)	(25,223)
Employee benefits		(12,416)	(19,875)
Foreign currency translation losses		133	(837)
Marketing and selling expenses		(130)	(511)
Data management expenses and scheme fees		(4,432)	(4,064)
Loss on investments at fair value through profit or loss		-	(2,639)
Vesting charge for share-based payments		(1,822)	(1,057)
Gains on embedded derivative - convertible note facility into Novatti Group Ltd the parent entity		564	823
Depreciation and amortisation expense		(1,393)	(1,428)
Finance costs		(1,850)	(1,504)
<b>Loss before income tax expense from continuing operations</b>		(8,791)	(16,132)
Income tax expense		(5)	(16)
Loss after income tax expense from continuing operations		(8,796)	(16,148)
Profit/(loss) after income tax expense from discontinued operations	4	2,153	(4,455)
<b>Loss after income tax expense for the year</b>		(6,643)	(20,603)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		399	186
Other comprehensive income for the year, net of tax		399	186
<b>Total comprehensive income for the year</b>		(6,244)	(20,417)
Loss for the year is attributable to:			
Non-controlling interest		(533)	(442)
Owners of Novatti Group Limited		(6,110)	(20,161)
		(6,643)	(20,603)
Total comprehensive income for the year is attributable to:			
Continuing operations		(459)	-
Discontinued operations		(74)	(399)
Non-controlling interest		(533)	(399)
Continuing operations		(7,938)	(15,961)
Discontinued operations		2,227	(4,057)
Owners of Novatti Group Limited		(5,711)	(20,018)
		(6,244)	(20,417)

*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 2025**

	<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 loss per share	(1.835)	(4.693)
Diluted loss per share	(1.835)	(4.693)
<b>Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Novatti Group Limited</b>		
Basic earnings per share	0.449	(1.295)
Diluted earnings per share	0.449	(1.295)
<b>Earnings per share for loss attributable to the owners of Novatti Group Limited</b>		
Basic loss per share	(1.275)	(5.859)
Diluted loss per share	(1.275)	(5.859)

\* The above consolidated statement of comprehensive income for the year ended 30 June 2024 has been restated for discontinued operations (refer to note 4 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 2025**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2025</b>	<b>30 June 2024</b>
		<b>\$'000</b>	<b>\$'000</b>
			<b>Restated *</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents *	5	2,376	5,208
Trade and other receivables		8,254	8,623
Financial assets - funds in trust	6	63,348	93,403
Other current assets		502	525
		<u>74,480</u>	<u>107,759</u>
Assets of disposal groups classified as held for sale	7	587	4,357
Total current assets		<u>75,067</u>	<u>112,116</u>
<b>Non-current assets</b>			
Other investments at fair value through profit and loss		166	166
Plant and equipment		216	295
Right-of-use assets		455	353
Intangible assets		5,146	6,390
Security deposits	14	4,612	4,537
Total non-current assets		<u>10,595</u>	<u>11,741</u>
<b>Total assets</b>		<u>85,662</u>	<u>123,857</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	16,133	22,801
Settlement, remittance and visa funds payable	9	63,118	93,390
Borrowings	10	220	880
Convertible note facilities	11	2,042	2,146
Lease liabilities		530	243
Contract liabilities		910	472
Employee benefits		3,098	3,078
		<u>86,051</u>	<u>123,010</u>
Liabilities directly associated with assets classified as held for sale	12	422	396
Total current liabilities		<u>86,473</u>	<u>123,406</u>
<b>Non-current liabilities</b>			
Lease liabilities		10	146
Employee benefits		58	64
Total non-current liabilities		<u>68</u>	<u>210</u>
<b>Total liabilities</b>		<u>86,541</u>	<u>123,616</u>
<b>Net assets/(liabilities)</b>		<u>(879)</u>	<u>241</u>
<b>Equity</b>			
Issued capital	13	97,993	91,806
Reserves		7,840	5,972
Accumulated losses		(107,537)	(102,345)
Deficiency in equity attributable to the owners of Novatti Group Limited		(1,704)	(4,567)
Non-controlling interest		825	4,808
<b>Total equity/(deficiency)</b>		<u>(879)</u>	<u>241</u>

\* Restatement resulted from adoption of amended accounting standard relevant to convertible notes.

*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 2025**

<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 year	-	-	-	-	(6,110)	(6,110)	(533)	(6,643)
Other comprehensive income for the year, net of tax	-	-	399	-	-	399	-	399
Total comprehensive income for the year	-	-	399	-	(6,110)	(5,711)	(533)	(6,244)
Transactions with owners in their capacity as owners:								
Issue of shares (net of transaction costs)	3,043	688	-	-	-	3,731	-	3,731
Issue of shares on exercise of options	123	(123)	-	-	-	-	-	-
Shares issued to underwriter and sub-underwriters	2,723	-	-	-	-	2,723	-	2,723
shares issued on conversion of convertible notes	298	-	-	-	-	298	-	298
Vesting of share-based payments arrangements	-	1,822	-	-	-	1,822	-	1,822
Lapsed of expired share options	-	(918)	-	-	918	-	-	-
Issue of shares in subsidiary to external investor	-	-	-	-	-	-	1,769	1,769
Derecognition of non-controlling interest	-	-	-	-	-	-	(5,219)	(5,219)
Balance at 30 June 2025	97,993	6,192	967	681	(107,537)	(1,704)	825	(879)

*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 2025**

<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 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 notes	-	-	-	681	-	681	-	681
Issue of shares in lieu of professional services	233	-	-	-	-	233	-	233
Issue of shares (net of transaction costs)	823	1,822	-	-	-	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 2025**

	<b>Note</b>	<b>Consolidated 2025 \$'000</b>	<b>2024 \$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		116,449	94,453
Payments to suppliers and employees		(129,134)	(108,638)
Interest received		1,152	1,260
Receipt of government grants		536	676
Interest and other finance costs paid		(305)	(1,722)
Dividends received		-	563
Income taxes paid		(5)	(17)
<b>Net cash used in operating activities</b>		<b>(11,307)</b>	<b>(13,425)</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(13)	(10)
Payments for intangible assets		(127)	(218)
Cash reduction from disposal of IBOA Group Holdings Pty Limited ("IBOA")		(4,877)	-
Proceeds from disposal of IBOA		2,869	-
Proceeds from disposal of Reckon		-	8,958
<b>Net cash (used in)/from investing activities</b>		<b>(2,148)</b>	<b>8,730</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	13	7,032	823
Share issue transaction costs		(579)	-
Proceeds from the issue of shares into IBOA		1,103	2,254
Proceeds from issue of shares into AUDC		634	-
Proceeds from borrowings	10	220	2,100
Repayment of borrowings	10	(880)	(11,720)
Proceeds from issue of convertible note facility		-	3,500
Repayment of lease liabilities		(303)	(354)
<b>Net cash from/(used in) financing activities</b>		<b>7,227</b>	<b>(3,397)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(6,228)</b>	<b>(8,092)</b>
Cash and cash equivalents at the beginning of the financial year		9,469	18,215
Effects of exchange rate changes on cash and cash equivalents		(698)	(654)
<b>Cash and cash equivalents at the end of the financial year *</b>	<b>5</b>	<b>2,543</b>	<b>9,469</b>

\* 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 2025**

**Note 1. General information**

The Preliminary Final Report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. The Preliminary Final Report also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

This Preliminary Final Report has been prepared in accordance with ASX Listing Rules as they relate to the Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. As such, this preliminary final report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2024 and any ASX announcements made by the Company during the period.

**Note 2. Revenue**

	<b>Payments AU/NZ \$'000</b>	<b>Payments International \$'000</b>	<b>Technology Solutions \$'000</b>	<b>Investments \$'000</b>	<b>Consolidated \$'000</b>
<b>30 June 2025</b>					
<b>Revenue</b>					
Revenue from ordinary activities	11,784	33,975	3,631	1,092	50,482
<b>30 June 2024</b>					
<b>Revenue</b>					
Revenue from ordinary activities	13,720	22,239	3,589	1,145	40,693

**Note 3. Other income**

	<b>Consolidated</b>	
	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Government grants	536	677
Dividends	-	563
Gain on modification of lease	92	260
Interest *	1,060	1,445
Gain on extinguishment of liability **	2,001	-
Other income	3,689	2,945

\* The interest income for the year ended 30 June 2024 has been restated for discontinued operations. Refer to note 4 for detailed information on discontinued operations.

\*\* One of the subsidiaries of the consolidated entity (Flexe Payments (AUS) Pty Ltd) partially derecognised a financial liability following the termination and replacement of a commercial agreement with a third party. The gain has been recognised in accordance with the requirements of IFRS 9 *Financial Instruments*. The arrangement forms part of broader commercial negotiations.

**Novatti Group Limited**  
**Notes to the consolidated financial statements**  
**30 June 2025**

**Note 4. Discontinued operations**

*Description*

During the financial year, the Group committed to a plan to dispose of Emersion Services Pty Ltd ("Emersion"), a wholly owned subsidiary operating within the Technology Solutions segment. As a result, the operations of Emersion have been classified as a discontinued operation. Refer to note 7 and note 12 for respective assets and liabilities held for sale.

On 30 July 2024, the Group disposed of its banking segment comprising IBOA Group Holdings Pty Ltd and International Bank of Australia Pty Limited (together, "IBOA"). Management determined that the segment was no longer aligned with the Group's long-term strategic and financial objectives.

IBOA was classified as a discontinued operation in accordance with AASB 5 / IFRS 5 in the previous financial year. The related assets and liabilities were presented in the financial statements as assets of a disposal group classified as held for sale and liabilities directly associated with assets classified as held for sale as at 30 June 2024.

*Financial performance information for Emersion*

	<b>Consolidated</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	2,087	2,206
Interest income	-	-
Administrative and corporate costs	(235)	(44)
Employee benefits	(1,789)	(2,234)
Client hosting fees and other direct services	(342)	(316)
Data management expenses	(88)	(161)
Foreign currency translation losses	20	(119)
Marketing and selling expenses	(19)	17
Depreciation and amortisation expense	(505)	(685)
Total expenses	<u>(2,958)</u>	<u>(3,542)</u>
Loss before income tax expense	(871)	(1,336)
Income tax expense	<u>-</u>	<u>-</u>
Loss after income tax expense *	<u>(871)</u>	<u>(1,336)</u>

*Reconciliation of Profit/(loss) after income tax expense from discontinued operations*

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax expense from discontinued operations (above)	(871)	(1,336)
Gain on disposal of IBOA	3,371	-
IBOA Loss after income tax *	<u>(347)</u>	<u>(3,119)</u>
Profit/(loss) after income tax expense from discontinued operations	<u>2,153</u>	<u>(4,455)</u>

\*IBOA incurred a loss during the period to 30 July 2024 of \$347,000 which was not considered material for disclosure in the financial report. Consequently, the stand-alone statement of profit or loss of IBOA has not been presented for the year ended 30 June 2025.

**Novatti Group Limited**  
**Notes to the consolidated financial statements**  
**30 June 2025**

**Note 4. Discontinued operations (continued)**

*Carrying amounts of assets and liabilities disposed for IBOA*

	<b>30 July 2024</b>
	<b>\$'000</b>
Cash and cash equivalents	4,877
Trade and other receivables	115
Fund held in trust	1
Total assets	<u>4,993</u>
Trade and other payables	136
Employee benefits	140
Total liabilities	<u>276</u>
Net assets	<u>4,717</u>

*Details of the disposal*

	<b>30 July 2024</b>
	<b>\$'000</b>
Total sale consideration	2,869
Carrying amount of net assets disposed	(4,717)
Derecognition of non-controlling interest	5,219
Disposal costs	<u>-</u>
Gain on disposal before income tax	3,371
Income tax expense	<u>-</u>
Gain on disposal after income tax	<u>3,371</u>

**Note 5. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Cash at bank	<u>2,376</u>	<u>5,208</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	2,376	5,208
Cash and cash equivalents - classified as held for sale (note 7)	<u>167</u>	<u>4,261</u>
Balance as per statement of cash flows	<u>2,543</u>	<u>9,469</u>

**Novatti Group Limited**  
**Notes to the consolidated financial statements**  
**30 June 2025**

**Note 6. Financial assets - funds in trust**

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Settlement funds*	20,035	30,906
Remittance funds*	751	9,958
Client visa funds*	42,562	52,539
	<u>63,348</u>	<u>93,403</u>

\* Financial assets (funds held in trust) are held in trust until clearance of settlement, remittance and visa funds payable (refer to note 9).

**Note 7. Assets of disposal groups classified as held for sale**

*Description*

During the financial year, the Group committed to a plan to dispose Emersion, a wholly owned subsidiary operating within the Technology Solutions segment. As a result, the assets and liabilities of Emersion have been classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The disposal group is measured at the lower of its carrying amount and fair value less costs to sell.

Assets and liabilities of the disposal groups classified as held for sale are presented separately in the statement of financial position (refer to note 12 for liabilities directly associated with assets classified as held for sale).

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Cash and cash equivalents	167	4,261
Trade and other receivables	376	95
Prepayment	-	1
Intangible assets	44	-
	<u>587</u>	<u>4,357</u>

**Note 8. Trade and other payables**

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Trade payables	6,826	9,344
Sundry creditors and accrued expenses	9,307	13,457
	<u>16,133</u>	<u>22,801</u>

**Novatti Group Limited**  
**Notes to the consolidated financial statements**  
**30 June 2025**

**Note 9. Settlement, remittance and visa funds payable**

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Settlement funds payable <sup>1</sup>	19,805	30,893
Remittance funds payable <sup>1</sup>	751	9,958
Client visa funds payable <sup>1</sup>	42,562	52,539
	<u>63,118</u>	<u>93,390</u>

<sup>1</sup> Client Funds held for Settlement, Remittance and Visa, refer to note 6 - Financial assets - funds in trust.

**Note 10. Borrowings**

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Loans from related parties *	<u>220</u>	<u>880</u>

\* Unsecured loans from related parties bear interest at 12% per annum on the principal amount, accruing daily and repayable on demand.

**Note 11. Convertible note facilities**

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Loan payable - host debt liability at amortised cost	1,688	1,228
Embedded derivative - Convertible note facility	354	918
	<u>2,042</u>	<u>2,146</u>

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**Note 11. Convertible note facilities (continued)**

During the previous financial year ended 30 June 2024, Novatti Group Limited issued a convertible note facility in the amount of \$3.50 million. The first tranche of the convertible note facility was issued on 3 January 2024 to the value of \$1.46 million and the second tranche issued on 14 February 2024 to the value of \$2.04 million and subsequently \$12,000 was converted to shares with current balance being \$3.488 million.

The Convertible Notes have a \$1.00 face value, a coupon of 10% per annum and a maturity date of 22 December 2026. They are convertible into ordinary shares at a conversion price of the lower of \$0.06 and the next equity capital raising price, subject to a floor price of \$0.04.

On 22 February 2024, during the previous financial year, the Company issued 29,166,667 options to Noteholders. The options are exercisable at 9.5 cents each and expire on 31 January 2027 ("Options").

As at 30 June 2025, the fair value of the embedded derivative was measured using significant unobservable inputs and is classified within the Level 3 fair value hierarchy. There were no changes to the Group's valuation process, techniques, or input types used in determining fair value compared to those applied at initial recognition.

**Reconciliation of movement in convertible note facility**

	<b>30 June 2025</b>		<b>30 June 2024</b>	
	<b>No.</b>	<b>\$'000</b>	<b>No.</b>	<b>\$'000</b>
Opening balance	3,488,000	2,146	-	-
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	-	(564)	-	(823)
Amortisations and accrued interest charged on convertible notes over the period	-	758	-	271
Conversion of convertible notes into shares during the year	(370,000)	(298)	(12,000)	(4)
Closing balance	3,118,000	2,042	3,488,000	2,146

**Reconciliation of movement in fair values of embedded derivatives**

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July	918	-
Embedded derivative recognised on inception of convertible notes	-	1,741
Movement in fair value	(564)	(823)
Balance at 30 June	354	918

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**Note 12. Liabilities directly associated with assets classified as held for sale**

*Description*

During the financial year, the Group committed to a plan to dispose of Emersion, a wholly owned subsidiary operating within the Technology Solutions segment. As a result, the assets and liabilities of Emersion have been classified as held for sale in accordance with IFRS 5 Non-current Assets held for sale and discontinued operations.

The disposal group is measured at the lower of its carrying amount and fair value less costs to sell. Assets and liabilities of the disposal group classified as held for sale are presented separately in the statement of financial position (refer to note 7 for assets of disposal groups classified as held for sale).

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Trade payables	189	210
Other payables	-	57
Employee benefits	233	129
	<u>422</u>	<u>396</u>

**Note 13. Issued capital**

	<b>Consolidated</b>			
	<b>30 June 2025</b>	<b>30 June 2024</b>	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>544,567,108</u>	<u>355,750,444</u>	<u>97,993</u>	<u>91,806</u>



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**Note 13. Issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares		\$'000
Balance	1 July 2023	338,656,542		90,686
Issue of shares in lieu of professional services	15 January 2024	1,435,526	\$0.000	174
Share purchase plan	4 March 2024	13,708,376	\$0.000	823
Issue of shares in lieu of professional services	17 April 2024	1,000,000	\$0.000	60
Issue of shares in lieu of professional services	15 May 2024	750,000	\$0.000	59
Exercise of options on convertible notes	14 March 2024	<u>200,000</u>	<u>\$0.000</u>	<u>4</u>
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	06 December 2024	50,000,000	\$0.040	2,000
Transaction costs on issue		-	\$0.000	(1,267)
Conversion of convertible notes (refer to note 11)	11 December 2024	9,295,492	\$0.032	298
Shares issued - exercise of share-based payments options	21 March 2025	143,098	\$0.033	5
Shares issued - exercise of share-based payments options	04 April 2025	877,297	\$0.033	29
Shares issued - exercise of share-based payments options	10 April 2025	1,014,456	\$0.033	33
Shares issued - exercise of share-based payments options	02 May 2025	308,062	\$0.033	10
Shares issued - exercise of share-based payments options	29 May 2025	74,957	\$0.033	2
Shares issued - exercise of share-based payments options	26 June 2025	<u>1,303,235</u>	<u>\$0.033</u>	<u>44</u>
Balance	30 June 2025	<u>544,567,108</u>		<u>97,993</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.

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**Note 14. 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 2025 and 30 June 2024.

**Note 15. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2025 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.