



For personal use only

# Annual Report

## 2024/25

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

# Contents

• FY25 in Numbers	3
• About Novatti	4
• Corporate Directory	5
• Chairman's Report	6
• CEO's Report	7
• Review of Operations	8
• Investments and Portfolio	10
• Corporate Directory	22
• Directors' Report	23
• Auditor's independence declaration	42
• Consolidated statement of profit or loss and other comprehensive income	43
• Consolidated statement of financial position	45
• Consolidated statement of changes in equity	47
• Consolidated statement of cash flows	49
• Notes to the consolidated financial statements	50
• Consolidated entity disclosure statement	88
• Directors' declaration	89
• Independent auditor's report to the members of Novatti Group Limited	90
• Shareholder information	95





## FY25 in Numbers

**\$50.5m**

Annual sales revenue  
+24% on YoY

**-\$3.1m**

Underlying EBITDA  
+73% improvement YoY

**\$2.6b**

Gross Transaction Value  
Payments AU/NZ  
+31% on FY24  
(ex Cross border)



## About Novatti

Novatti is a leading Australian payments company. Established in 1995, Novatti provides a single destination for all payment needs in a fast-changing, digital world.

From fintechs to corporates, Novatti simplifies and supports our customer payment needs through tailored online, in person, international and card solutions.



# Corporate Directory

For personal use only

## Directors

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

## Company secretary

**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 shares are listed on the Australian Securities Exchange (ASX code: NOV)**

## Website

**[www.novatti.com](http://www.novatti.com)**

## Corporate Governance Statement

**<https://www.novatti.com/investor-centre/corporate-governance>**

## Australian Financial Services Licence

**AFSL No.448066**

## New Zealand Financial Services Provider

**FSP613789**



# Chairman's Report

## Peter Pawlowitsch

### CHAIRMAN

FY25 was pivotal in setting the course for Novatti's future. Under the leadership of Mark Healy as CEO, the Company has deepened its turnaround strategy, showing discipline in execution of this strategy, and a focus on delivering Novatti's long term financial targets.

Within this turnaround strategy, lifting Novatti's financial performance is the ultimate goal. I'm pleased to report that Novatti recorded a number of significant milestones in FY25, including:

- Record \$50.5m annual revenue (+24% YoY)<sup>1</sup>
- 73% YoY improvement in underlying EBITDA<sup>2</sup>

These results provided Novatti with the ability to pivot back to growth and pursue opportunities with potential to scale, leveraging a streamlined business, and backed by a clear value proposition to take to market. Our confidence in Novatti's ability to deliver on such opportunities in market is supported by the number of significant commercial wins that Novatti secured across the financial year.

While substantial progress has already been made in Novatti's turnaround, the focus and commitment to executing the turnaround strategy is not diminishing. For example, the management team is continuing to reform and adjust Novatti's revenue base to exit high-cost, complex, or low margin business lines, to ultimately align this base with the Company's long term financial goals and to strengthen Novatti's underlying business.

On behalf of the Board, I want to thank all Novatti employees for their tireless efforts across FY25, particularly in implementing the turnaround strategy. The rewards of this effort can now be seen as the Company pivots back to growth.

I would also like to thank our shareholders for their continuing support and we look forward to growing the business over coming years.



<sup>1</sup> Revenue excludes IBoA and Emersion.

<sup>2</sup> Underlying EBITDA is a non-IFRS measure calculated as profit before income tax, and before depreciation and amortisation, share based payments, net finance costs, due diligence costs, fair value movement on embedded derivative, restricting costs and discontinued operations. The Company believes this non-IFRS and operational measure is useful in monitoring and understanding the Group's business and they should not be considered in isolation nor as a substitute for IFRS measures.





# CEO's Report

## Mark Healy CEO

Since taking on the role of CEO of Novatti, my core focus has been to unlock value by executing Novatti's turnaround strategy and delivering on our commitments. I'm pleased to report that this commitment is shown throughout the results and performance of Novatti across FY25. This includes:

- Simplify the business: Exiting non-core assets and entities such as the sale of Novatti's interest in the International Bank of Australia for \$2.87m
- Becoming market-led and customer focused: Successfully launching our brand refresh with very positive market feedback and a clear value proposition for our team, particularly sales
- Lifting financial performance: a 73% improvement in underlying EBITDA.

The execution of our turnaround strategy has ultimately enabled Novatti to pivot back to growth. In doing so, we have accelerated the pursuit of larger commercial opportunities, a focus that was supported by the momentum from a number of notable commercial deals across the year, including:

- Winning a contract to enhance the voucher payment offering of a major Asian-based global airline, upgrading to a digital solution to improve their customer experience
- A tier one Australian telco renewing a multi-year service agreement
- Extending card issuing services into New Zealand for a global fintech customer
- International tuition payments for a major New South Wales university being enabled
- ChinaPayments going live in New Zealand and being used to process payments from Asia wallets for a large university accommodation provider
- A leading accounting services firm extending their Australian card issuing program via Novatti into New Zealand

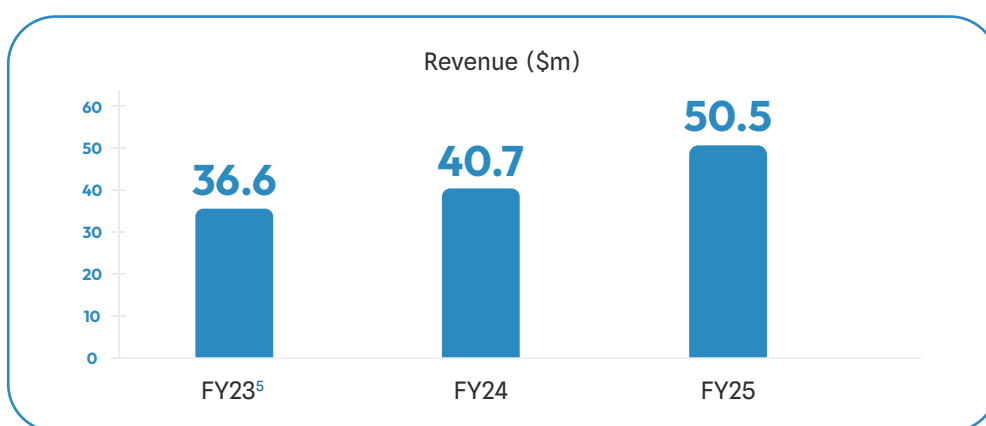
FY25 was a year where we were able to embed the benefits from the execution of our turnaround strategy. Novatti enters FY26 carrying this momentum. As we pivot back to growth, we retain our commitment to executing our strategy for the benefit of all shareholders.



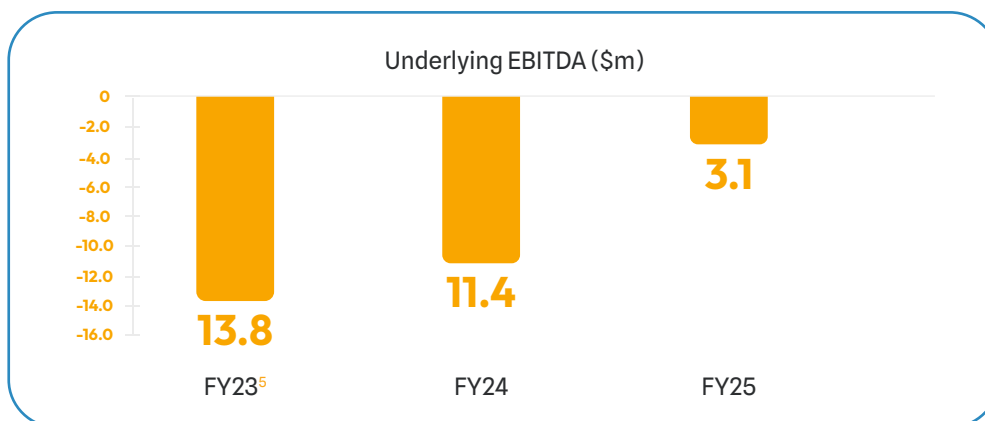
# Review of Operations

## FINANCIAL UPDATE

Novatti's FY25 revenue reached \$50.5m, an increase of 24% on FY24.<sup>3</sup> While this is the strongest result ever, moving forward the focus continues to be reforming and adjusting Novatti's revenue base to exit high-cost, complex, or low margin business lines to align with the Company's long term financial goals. Progress has already been made here, with the completion of Novatti's exit from wholesale Cross Border services during Q4 FY25. Despite the historical revenue contribution of these services, they did not align with the above criteria. The focus of all services moving forward will be alignment to Novatti's long-term financial goals.



Underlying EBITDA improved by 73%, with a reduced loss of \$3.1m,<sup>4</sup> highlighting the compounding benefits of the turnaround during the year.



These results continue to be aided by Novatti's cost reduction efforts and focus on revenue base reform, including to strengthen margins. At the end of FY25, Novatti held \$2.4m in cash.

<sup>3</sup> Reference footnote 1

<sup>4</sup> Reference footnote 2

<sup>5</sup> 2023 excludes Emersion, consistent with 2024/2025





## • OPERATIONS UPDATE

With Novatti's brand refresh completed in Q3 FY25, the Company was able to align its value proposition in the core AU/NZ market. The refresh had the desired effect, with very positive customer and market feedback through clarity of messaging and offering, resulting in new sources of inbound leads, particularly in high margin services such as card issuing. Novatti's sales team has been able to leverage this clearer value proposition to accelerate the pursuit of larger commercial opportunities.

Notable commercial deals across FY25 included:



### Digital Enhancement

Winning a contract to enhance the voucher payment offering of a major Asian-based global airline, upgrading to a digital solution to improve their customer experience



### ChinaPayments Live

ChinaPayments going live in New Zealand and being used to process payments from Asia wallets for a large university accommodation provider



### Fintech Expansion

Extending card issuing services into New Zealand for a global fintech customer



### Telco Renewal

A tier one Australian telco renewing a multi-year service agreement



### Service Expansion

A leading accounting services firm extending their Australian card issuing program via Novatti into New Zealand



### Education Payments

International tuition payments for a major New South Wales university being enabled

As a major project during H2 FY25, Novatti accelerated its investment in a card acquiring platform upgrade including the integration of a new tier-one global processor, which will enhance customer experience, uplift product capabilities, and enable Novatti to pursue larger scale and again higher margin card acquiring opportunities in its pivot back to growth. This platform went live in late FY25 and the positive impacts are expected to be seen from early FY26, with the migration of existing customers having commenced in June FY25.



# Investments and Portfolio

## • STABLECOIN AND DIGITAL CURRENCIES

AUDC continued to strengthen its service and business across the year to position as the leading AUD-backed stablecoin. Its business continued to expand, driven by growth in stablecoin issuance, institutional partnerships, and on-chain transaction volumes. This growth comes at a time when global trends, including Circle's IPO, and the GENIUS Act in the US, continue to accelerate market and regulatory endorsement of stablecoins.

Delivery of AUDC's strategy culminated in it closing a seed round after the completion of FY25, successfully raising \$1.2m.<sup>6</sup> Following this successful seed round, Novatti's 57% interest in AUDC is valued at \$7m. Novatti maintains no obligation to contribute additional capital to AUDC while retaining exposure to AUDC's upside potential.

More broadly, Novatti continued its efforts to streamline the business across the year, including exiting or divesting interests not aligned to Novatti's long term financial goals. This included:

**Selling its interest in International Bank of Australia for \$2.87m, saving considerable cash use**

**Emersion exiting the US market (and subsequent to year end being wholly divested – see below)**

**Closure of several dormant entities in Europe and Malaysia that are no longer required to support Novatti's international payments services in these regions**

Novatti will continue to seek opportunities to divest or exit other businesses/ interests that are no aligned to delivering its long term financial goals.

### EMERSON

Subsequent to the end of the financial year, Novatti sold its 100% interest in Emersion Systems Pty Ltd to Emersion HoldCo Pty Limited (a wholly-owned subsidiary of CGP Equity Pty Ltd) for a cash consideration of \$500,000. The sale completed on 3 September 2025.<sup>7</sup>

<sup>6</sup> See ASX Release: AUDC closes seed round – Novatti's interest valued at A\$7 million – 14 August 2025

<sup>7</sup> See ASX Release: Emersion sale continues business streamlining – 3 September 2025



## ● INTERNATIONAL BANK OF AUSTRALIA

During Q1 FY25, Novatti sold its interest in International Bank of Australia Pty Ltd for \$2.87m. The decision to divest the company's interest in IBoA was motivated by Novatti's strategic review, which determined that IBoA was unlikely to contribute to Novatti's long-term financial goals.

Novatti's ongoing strategic review of all business units and subsidiaries is expected to identify further opportunities for optimisation and divestment in FY26.





# Corporate

## • CAPITAL RAISE

In Q2 FY25, Novatti raised approximately \$7m through a partially underwritten capital raising comprising a placement to professional and sophisticated investors and a pro-rata 1 for 3 non-renounceable entitlement offer to eligible shareholders of fully paid ordinary shares in the Company, resulting in a total of 175,800,067 shares and 231,040,087 options (6.4 cents, 31-Dec-27) being issued. In addition, the Company issued a further 9,295,492 shares and 9,295,492 options to holders of existing convertible notes (that were issued by the Company in early 2024) who accepted a matching incentive offer to convert their notes early. Proceeds from the capital raising were allocated to strengthening Novatti's balance sheet through the repayment of legacy liabilities while also implementing several initiatives ahead of Novatti's pivot back to growth.

# \$7m

Raised in Q2 FY25 to strengthen the balance sheet and fund growth.



# Environmental Social & Governance

Novatti is committed to environmental and social responsibility. As a Company, we are committed to Environmental, Social and Governance (ESG), which we will continue to strengthen over time. Novatti acknowledges the constantly evolving social and sustainability requirements and its responsibility to provide transparent reporting against these requirements to all our stakeholders.

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

In addition to the regulatory landscape, Novatti has developed a sophisticated ecosystem that leverages Technology, Licences, Partnerships and our people to deliver its services. In all jurisdictions in which Novatti operates, we are focused on operating our business in a responsible, ethical and compliant manner.



## Environmental

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

## Our Values

Novatti places a strong emphasis on recruiting and retaining talent that enhance our values-driven culture. The accumulation of our collective experience, shared values, and individual skills allow Novatti to deliver on our market-led, customer-first focus. The values that empower our people are:

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

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

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

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

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





## Social

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

## Our Workforce

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

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

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

## Our Diversity Profile

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

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

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

**The need to hire the best qualified person for the available job as established by the Company's Diversity Policy**

**Changes in the number of people employed due to expansion or reduction in future business activities of the Company**

**Changes in the composition of the workforce due to resignations, redundancies or terminations.**

As at 30 June 2025, Novatti's employees in a full-time and part-time capacity included 40% female (2024 - 40%) and 60% male (2024 - 60%).

Novatti considers a senior role as one which is reporting to the CEO. As at 30 June 2025, three females (2024 - 3) held a senior role, representing 43% of the CEO's full time reports.



## Health and Wellness

The health and safety of our people remains a top priority for Novatti. Over the last five years, there have been no work-related accidents at Novatti, which speaks to the strength of our secure working environment and our dedication to the well-being of our team. Our approach to hybrid working continues to empower team members to achieve a work-life balance that suits their individual needs, fostering both personal and professional growth. This approach aligns with our core values and corporate responsibility, ensuring that every team member thrives.

## Governance

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



<b>Board Charter</b>	<b>Performance Evaluation Practices for Directors and Executives</b>
<b>Corporate Governance Statement</b>	<b>Director Skills Matrix</b>
<b>Anti-Bribery and Anti-Corruption</b>	<b>Remuneration of Directors and Executives</b>
<b>Whistle-blower Policy</b>	<b>Continuous Disclosure</b>
<b>Risk Management &amp; Internal Compliance</b>	<b>Shareholders communication</b>
<b>Procedures for Selection and Appointment of Directors</b>	<b>Securities dealing by Directors and Employees</b>



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



**Code of Conduct**

**Diversity Policy**

**Modern Slavery**

**Employee Incentive Plan**

These policies are all available on Novatti's website at <https://www.novatti.com/investor-centre/corporate-governance>.

In addition to public facing policies, Novatti has an internal Intranet for staff providing a suite of policies, procedures and templates for use by our teams. These include, but not limited to the areas of:



**Human Resources**

**Information Security**

**Information Technology**

**Legal**

**Operational Marketing**

**Anti-Money Laundering**

**Risk and Compliance**





## Business Ethics

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

Novatti has adopted a Code of Conduct, which details the underlying values to support the integrity of its business. This Code operates alongside Novatti's Anti-Bribery and Anti-Corruption policy, Anti Money Laundering Requirements, Modern Slavery Policy and the overarching Code of Conduct. Novatti has also implemented a Legal and Regulatory Compliance Policy Statement which provides details of the overarching governing principles of Novatti's approach to compliance, along with the underlying principles to support the elements of an effective compliance program.

## Data Protection and Information Security

Novatti places paramount importance on data protection and information security. Our information security management system is prepared for the upcoming ISO 27001:2022 audit in October 2025, which involves recertifying from the previous ISO 27001:2013 standard. This investment reflects our commitment to global information security standards, proactive risk mitigation and continuous improvement. Additionally, we employ a "Defence in Depth" strategy to safeguard data, creating multiple layers of protection. Our multi-layered cybersecurity defence system includes network security, access controls, data encryption, employee training, incident response plans, penetration testing and 24x7 security monitoring.

In addition, our recently developed acquiring platform has been PCI- DSS certified via an external audit. Data security and information protection are embedded in our operational practices and provides a secure environment for both data and systems.

## Moving Money Safely

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





For personal use only



+61 3 9011 8490



[www.novatti.com](http://www.novatti.com)



Level 3, 461 Bourke St  
Melbourne, Victoria  
Australia 3000

**Novatti Group Ltd**

ABN 98 606 556 183

G.P.O. Box 171  
380 Bourke St  
Melbourne, Victoria  
Australia 3000



[hello@novatti.com](mailto:hello@novatti.com)

[www.novatti.com](http://www.novatti.com)

**Novatti Group Limited**

**ACN 606 556 183**

**Annual Report - 30 June 2025**

For personal use only



**Novatti Group Limited**  
**Contents**  
**30 June 2025**

Corporate directory	22
Directors' report	23
Auditor's independence declaration	42
Consolidated statement of profit or loss and other comprehensive income	43
Consolidated statement of financial position	45
Consolidated statement of changes in equity	47
Consolidated statement of cash flows	49
Notes to the consolidated financial statements	50
Consolidated entity disclosure statement	88
Directors' declaration	89
Independent auditor's report to the members of Novatti Group Limited	90
Shareholder information	95

For personal use only

**Novatti Group Limited**  
**Corporate directory**  
**30 June 2025**

Directors	Peter Pawlowitsch (Non-Executive Chairman) Peter Cook (Executive Director) Kenneth Lai (Non-Executive Director) Killian Murphy (Non-Executive Director)
Company Secretary	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 shares 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**  
**30 June 2025**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') consisting of Novatti Group Limited (referred to hereafter as the 'Company', 'Novatti' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2025.

**Directors**

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

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

**Principal activities**

Novatti Group Limited is a leading payments fintech that enables businesses to pay and be paid. Novatti provides a single destination for all payment needs in a fast-changing, digital world. From fintechs to corporates, Novatti simplifies and supports our customer payment needs through tailored online, in person, international and card solutions.

**Dividends**

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

**Review of operations**

The loss for the Group after providing for income tax and non-controlling interest attributable to the owners of the Company amounted to \$6,110,000 (30 June 2024: \$20,161,000).

The Group's revenue increased by 24% to \$50,482,000 (30 June 2024: \$40,693,000). The underlying EBITDA\* improved by 73% to a loss of \$3,059,000 compared to the corresponding prior year of \$11,382,000 loss.

The loss for the consolidated entity after providing for income tax amounted to \$6,643,000 (30 June 2024: \$20,603,000).

The financial position decreased from net asset of \$241,000 to net liability of \$879,000 as at 30 June 2025, with \$2,376,000 held in cash and cash equivalents excluding asset held for disposal. The Group's change in control of AUDC in September 2025, means the Group's investment of AUDC (57%) is now deconsolidated from the consolidated entity and recognised in the statement of financial position under equity method of \$7,000,000, representing a pro-forma net asset position of \$5,886,000. Refer to the following "Matters subsequent to the end of the financial year" section of the Directors' report for details.

	2025 \$'000	2024 \$'000	Change \$'000	Change %
<b>Net loss from operations</b>	(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>	(4,455)	(19,100)	14,645	(77%)
Add back/(less):				
Vesting of share-based payments	1,822	1,057	765	72%
Losses on fair valuation of investments	-	2,639	(2,639)	(100%)
Gains on embedded derivative	(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)/gain from discontinued operations	(2,153)	4,455	(6,608)	(148%)
<b>Underlying EBITDA*</b>	<b>(3,059)</b>	<b>(11,382)</b>	<b>8,323</b>	<b>(73%)</b>



	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Cash	2,376	5,208	(2,832)	(54%)
Operating cash flow	(11,307)	(13,425)	2,118	(16%)

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

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

On 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.

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 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 and raised \$2,723,084 before costs; and 68,077,096 free attaching options with an 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 attaching options (for an approximate value of \$470,824) to Directors 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 shares and raised \$2,000,000 before costs. The Company, on the same day also issued 155,852,587 options with an exercise price of \$0.064 (6.4 cents) and expiring on 31 December 2027 to the 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 options with an 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.

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

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

On 14 August 2025, Novatti's majority owned subsidiary AUDC Pty Ltd, successfully closed a seed equity capital raise for \$1.2m in new investment. AUDC has now raised over A\$2 million in equity at increasing valuations. Following this round, Novatti retains a 20 million shareholding in AUDC, representing a 57% interest in AUDC, valued at A\$7 million based on the seed round pricing (A\$0.35 per share). Moving forward, Novatti continues to retain exposure to AUDC's upside potential, at a time where there is broader, global momentum in digital finance and stablecoins. At the same time, Novatti has no obligation to contribute additional capital to AUDC, enabling the group to focus on the continued execution of our pivot back to growth and broader turnaround strategy.

On 3 September 2025, the company announced that it has sold its wholly-owned subsidiary, Emersion Systems Pty Ltd (Emersion Systems), the operator of its Emersion business, to a wholly-owned subsidiary of CGP Equity for a cash consideration of \$500,000. The agreement provides for adjustments for staff retention bonuses and the retention of a net cash balance in the business of at least \$175,000 for working capital purposes. Post-completion obligations include the novation of US customer contracts (as the US based subsidiary did not form part of the sale and will be wound up in due course). The agreement otherwise contains provisions customary for a transaction of this nature, including for warranties, representations and indemnities; confidentiality; and non-competition/solicitation.

On 12 September 2025, another director not related to the Company was appointed a director of AUDC Pty Ltd (AUDC). With the change in Board composition, the Group no longer maintains effective control of AUDC and as such, the fair value of this entity is recognised in the statement of financial position under equity method. The pro-forma effect of this change on the statement of financial position is shown in the below table:

	2025		2025
	Reported \$'000	Deconsolidation of AUDC \$'000	Recognition of investment in AUDC \$'000
			Pro-forma \$'000
Current assets	68,509	(1,367)	-
Non-current assets	10,595	-	7,000
<b>Total assets</b>	<b>79,104</b>	<b>(1,367)</b>	<b>7,000</b>
Current liabilities	79,915	(1,132)	-
Non-current liabilities	68	-	-
<b>Total liabilities</b>	<b>79,983</b>	<b>(1,132)</b>	<b>-</b>
<b>Net (liabilities)/assets</b>	<b>(879)</b>	<b>(235)</b>	<b>7,000</b>
<b>Total equity</b>	<b>(879)</b>	<b>(235)</b>	<b>7,000</b>

No other 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.

**Likely developments and expected results of operations**

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

While substantial progress has already been made in Novatti's turnaround, the focus and commitment to executing the turnaround strategy is not diminishing. The Company continues to optimise revenue and expenses to strengthen Novatti's underlying business, e.g. during the year Novatti completed the full withdrawal from wholesale (as opposed to B2B) cross border payment services due to the high compliance costs and low overall profitability. Moving forward the Company will continue to reform and adjust the revenue base by exiting high-cost, complex, or low margin business lines to align with our long term financial goals. At the same time, consistent execution to date has ultimately enabled Novatti to pivot back to growth enabling the pursuit of larger commercial opportunities.

### **Environmental regulation**

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

### **Key business risks**

#### **Regulatory and licencing risk**

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

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

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

#### **Growth and Profitability (dependent on increasing market penetration)**

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

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

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

#### **Reliance on key suppliers and third party platforms**

The Company relies on a range of third-party vendors and suppliers to deliver services to customers in a range of markets, including white labelled platforms, onboarding, processing, transaction facilitation, distribution and banking facilities.

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

#### **Reliance on access to and confidence in telecommunications and internet access**

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



**Ability to run effective and reliable financial and payments systems.**

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

**Operational Risk**

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

**Reliance on key senior staff**

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

**Reliance on continual product development**

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

**Competition**

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

**Changes in technology**

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

**Data loss, theft or corruption**

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

**Additional requirements for capital**

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

**Potential acquisitions**

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

**International business risks**

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

### **Sustainability and climate change risk**

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

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

### **Information on directors**

**Name:** Peter Pawlowitsch  
**Title:** Non-Executive Chairman  
**Qualifications:** BCom, CPA MBA, FGIA  
**Experience and expertise:** Peter is an accountant by profession, with extensive experience as a director and officer of ASX-listed entities. He brings to the team experience in operational management, business administration and project evaluation in the IT, hospitality and mining sectors gained during the last 15 years  
**Other current directorships:** Non-Executive Chairman, Qoria Ltd (ASX: QOR)  
Non-Executive Chairman, Fortuna Metals Ltd (ASX: FUN)  
Non-Executive Director, VRX Silica Ltd (ASX: VRX)  
**Former directorships (last 3 years):** Executive Director, Dubber Corporation Ltd (ASX: DUB) Resigned 31 December 2024  
**Special responsibilities:** Member of Audit, Risk and Compliance Committee  
**Interests in shares:** 20,995,877 fully paid ordinary shares  
**Interest in convertible notes:** 500,000 convertible notes  
**Interests in options:** 5,000,000 unlisted options and 16,516,446 listed options

**Name:** Peter Cook  
**Title:** Executive Director (retired as Managing Director and Chief Executive Officer on 15 June 2023)  
**Qualifications:** BSc, Grad Dip Computing, Grad Dip Securities, GAICD  
**Experience and expertise:** Peter has over 30 years of experience as a director and executive with start-up technology companies, telecommunications and payments companies including multiple successful exits to private and public companies.

Peter is the Chairman of AUDC Pty Ltd which issues the AUDD stablecoin. Peter was a non-executive Director and Deputy Chairman of ASX-listed Senetas Corporation from June 1999 to January 2006.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Special responsibilities:** Member of Audit, Risk and Compliance Committee  
**Interests in shares:** 27,055,291 fully paid ordinary shares  
**Interest in convertible notes:** 125,000 convertible notes  
**Interests in options:** 15,109,091 unlisted options and 10,957,492 listed options

**Novatti Group Limited**  
**Directors' report**  
**30 June 2025**

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

Other current directorships: None  
 Former directorships (last 3 years): None  
 Special responsibilities: None  
 Interests in shares: 13,309,971 fully paid ordinary shares  
 Interest in convertible notes: Nil  
 Interests in options: 5,822,046 unlisted options and nil listed options

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

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

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

Other current directorships: None  
 Former directorships (last 3 years): None  
 Special responsibilities: Member of the Audit, Risk and Compliance Committee  
 Interests in shares: Nil  
 Interests in convertible notes: Nil  
 Interests in options: 4,528,881 unlisted options and nil listed options

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

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

**Chief Executive Officer**

*Mark Healy*

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

**Chief Financial Officer**

*Hayden Vowell (appointed on 13 May 2025)*

Mr Vowell is an experienced finance executive with 15 years of experience in a number of high growth businesses across the software, retail and technology sectors. Mr Vowell joins Novatti from Culture Amp, a global SaaS leader in employee experience, where he was Senior Director of Commercial Finance. Mr Vowell spent seven years at Culture Amp and played a key role in the development of the Finance function and scaling the business through product development, international expansion and acquisitions.



**Company secretary**

*Ian Hobson (resigned on 8 May 2025)*

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

*Steven Stamboultgis*

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

**Meetings of directors**

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2025, and the number of meetings attended by each director were:

	Full Board Attended	Held	Audit, Risk and Compliance Committee Attended	Held
Peter Pawlowitsch	9	9	3	3
Peter Cook	9	9	3	3
Kenneth Lai	9	9	-	-
Killian Murphy	8	9	3	3

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

**Remuneration report (audited)**

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

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

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

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

**Principles used to determine the nature and amount of remuneration**

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

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

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

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

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

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

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

#### *Non-executive directors remuneration*

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. For the year ended 30 June 2025, there was no advice from independent remuneration consultants. The Chairman's fees are determined independently to the fees of other non-executive directors based on similar roles in the external market. The Chairman, nor other non-executive directors are not present at any discussions relating to the determination of their remuneration. Non-executive directors do receive share options.

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

#### *Executive remuneration*

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

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

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

The executive remuneration and reward framework can have four components:

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

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

#### *Short Term Incentive program (STI)*

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

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

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

- Revenue
- EBITDA
- Operational delivery
- Individual role performance
- Staff engagement

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

*Long Term Incentive program (LTI)*

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

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

In FY25 the LTI framework was reviewed and updated to align and reward Key Executive Members exclusively against share price appreciation targets across the FY25-FY27 period. The LTI Framework was also extended to additional members of the leadership team (in addition to the CEO). The LTI plan provides grants of exercise priced options over ordinary shares, with Options granted under the LTI plan subject to a (up to) 3 year performance period.

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

LTIs are based on participation of the EIP. By using the Group's EIP to offer shares and options to employees, the interest of employees is aligned with shareholder wealth. A copy of the EIP can be found via the Group's website.

*Consolidated entity performance and link to remuneration*

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

**Novatti Group's business objective:**

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

Align the interest of executives with shareholders	Attract, motivate and retain high performing individuals
<ul style="list-style-type: none"><li>- The remuneration strategy incorporates "at-risk" components, with short-term paid in cash or equity and long-term elements delivered in equity</li><li>- Performance is assessed against a suite of financial and non-financial measures relevant to the success of the Company and generating returns for shareholders</li></ul>	<ul style="list-style-type: none"><li>- Remuneration is competitive with companies of a similar size and complexity</li><li>- Deferred and long-term remuneration is designed to encourage long-term consistent performance and employee retention</li></ul>

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

#### **Details of remuneration**

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

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

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

Other key management personnel:

- Mark Healy (Chief Executive Officer)
- Hayden Vowell (Chief Financial Officer) (Appointed on 13 May 2025)
- Dharshini Mendez (Chief Financial Officer) (Resigned on 13 May 2025)



**Novatti Group Limited**  
**Directors' report**  
**30 June 2025**

*Amounts of remuneration*

	Short-term benefits	Short-term benefits	Short-term benefits	Long-term benefits	Post- employment benefits	Share- based payments	
	Salary and fees	Non- monetary	Annual leave	Long service leave	Super- annuation	Equity- settled	Total
2025	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Peter Pawlowitsch <sup>^</sup>	-	-	-	-	32,559	123,751	156,310
Kenneth Lai <sup>^</sup>	-	-	-	-	-	54,203	54,203
Killian Murphy <sup>^</sup>	-	-	-	-	15,907	61,876	77,783
<i>Executive Directors:</i>							
Peter Cook <sup>#, *</sup>	224,332	-	5,461	2,632	25,798	187,324	445,547
<i>Other Key Management Personnel:</i>							
Mark Healy <sup>*</sup>	188,729	178,555	324	3,612	30,000	215,119	616,339
Hayden Vowell	34,281	-	3,077	67	3,937	-	41,362
Dharshini Mendez <sup>*</sup>	303,106	9,968	19,877	1,967	30,000	89,198	454,116
	750,448	188,523	28,739	8,278	138,201	731,471	1,845,660

<sup>^</sup> All Non-Executive Directors received ZEPOs in lieu of cash.

<sup>#</sup> Peter Cook received cash salary and ZEPOs in lieu of cash during the year ended 30 June 2025.

<sup>\*</sup> The short-term non-monetary benefits Mark Healy and Dharsh Mendez are related to settlement of salary payable through ZEPOs.

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

<sup>^</sup> All Non-Executive Directors received ZEPOs in lieu of cash.

<sup>#</sup> Peter Cook received cash salary and ZEPOs in lieu of cash during the year ended 30 June 2024.

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

<sup>\*\*</sup> Salary and fees include communication allowance.

<sup>\*\*\*</sup> The short-term non-monetary benefits of Peter Cook and Mark Healy are related to share-based payments.

**Novatti Group Limited**  
**Directors' report**  
**30 June 2025**

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2025	2024	2025	2024	2025	2024
<i>Non-Executive Directors:</i>						
Peter Pawlowitsch	100%	100%	-	-	-	-
Kenneth Lai	100%	100%	-	-	-	-
Killian Murphy	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Peter Cook	100%	39%	-	4%	-	57%
<i>Other Key Management Personnel:</i>						
Mark Healy	65%	43%	16%	4%	19%	53%
Hayden Vowell	100%	-	-	-	-	-
Dharshini Mendez	84%	84%	14%	2%	2%	14%
Alan Munday	-	97%	-	-	-	3%

**Service agreements**

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

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

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

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

Name:	Hayden Vowell
Title:	Chief Financial Officer
Agreement commenced:	13 May 2025
Term of agreement:	6 months
Details:	\$300,000 per annum (excluding statutory superannuation)

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

**Share-based compensation**

*Issue of shares*

There were no shares issued to key management personnel as part of compensation during the year ended 30 June 2025.

*Options*

The table below set out the options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2025.

**Novatti Group Limited**  
**Directors' report**  
**30 June 2025**

Name	Service / Market conditions	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value at per option grant date
Peter Pawlowitsch	Market	666,667	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.13
Peter Pawlowitsch	Market	666,667	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.14
Peter Pawlowitsch	Market	666,667	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.15
Peter Cook	Market	1,000,000	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.13
Peter Cook	Market	1,000,000	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.14
Peter Cook	Market	1,000,000	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.15
Kenneth Lai	Market	333,333	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.13
Kenneth Lai	Market	333,333	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.14
Kenneth Lai	Market	333,333	20/12/2021	20/12/2021	30/11/2025	\$0.45	\$0.15
Mark Healy	Service	833,333	6/07/2022	6/07/2022	6/07/2025	\$0.25	\$0.09
Mark Healy	Service	833,333	6/07/2022	6/07/2023	6/07/2025	\$0.16	\$0.11
Mark Healy	Service	833,334	6/07/2022	6/07/2024	6/07/2025	\$0.16	\$0.11
Peter Pawlowitsch	Market	1,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Peter Pawlowitsch	Market	1,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Peter Pawlowitsch	Market	1,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Peter Cook	Market	2,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Peter Cook	Market	2,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Peter Cook	Market	2,000,000	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Kenneth Lai	Market	666,667	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Kenneth Lai	Market	666,667	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Kenneth Lai	Market	666,666	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Killian Murphy	Market	666,667	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Killian Murphy	Market	666,667	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Killian Murphy	Market	666,666	23/11/2022	23/11/2022	30/11/2026	\$0.20	\$0.14
Mark Healy	Service	3,000,000	13/06/2023	30/06/2024	30/06/2027	\$0.20	\$0.06
Mark Healy	Service	318,182	13/06/2023	30/06/2024	30/06/2027	\$0.00	\$0.12
Peter Pawlowitsch	None	739,421	28/11/2023	28/11/2023	30/06/2027	\$0.00	\$0.08
Peter Pawlowitsch	Service	311,080	28/11/2023	31/03/2024	30/06/2027	\$0.00	\$0.08
Peter Pawlowitsch	Service	311,080	28/11/2023	30/06/2024	30/06/2027	\$0.00	\$0.08
Peter Pawlowitsch	Service	1,875,000	16/12/2024	16/12/2024	30/06/2028	\$0.00	\$0.03
Peter Pawlowitsch	Service	937,500	16/12/2024	31/03/2025	30/06/2028	\$0.00	\$0.03
Peter Pawlowitsch	Service	937,500	16/12/2024	30/06/2025	30/06/2028	\$0.00	\$0.03
Peter Cook	Market / Service	900,000	28/11/2023	30/06/2026	30/06/2027	\$0.20	\$0.03
Peter Cook	Market / Service	900,000	28/11/2023	30/06/2026	30/06/2027	\$0.20	\$0.02
Peter Cook	Market / Service	900,000	28/11/2023	30/06/2026	30/06/2027	\$0.20	\$0.01
Peter Cook	None	1,887,230	28/11/2023	28/11/2023	30/06/2027	\$0.00	\$0.08
Peter Cook	Service	170,455	28/11/2023	30/06/2024	30/06/2027	\$0.00	\$0.08
Peter Cook	Service	3,409,091	28/11/2023	30/06/2026	30/06/2027	\$0.00	\$0.08
Peter Cook	Service	934,716	16/12/2024	16/12/2024	30/06/2028	\$0.00	\$0.03
Peter Cook	Service	467,358	16/12/2024	31/03/2025	30/06/2028	\$0.00	\$0.03
Peter Cook	Service	467,358	16/12/2024	30/06/2025	30/06/2028	\$0.00	\$0.03
Kenneth Lai	None	930,682	28/11/2023	28/11/2023	30/06/2027	\$0.00	\$0.08
Kenneth Lai	Service	124,432	28/11/2023	31/03/2024	30/06/2027	\$0.00	\$0.08
Kenneth Lai	Service	124,432	28/11/2023	30/06/2024	30/06/2027	\$0.00	\$0.08
Killian Murphy	None	342,801	28/11/2023	28/11/2023	30/06/2027	\$0.00	\$0.08
Killian Murphy	Service	155,540	28/11/2023	31/03/2024	30/06/2027	\$0.00	\$0.08
Killian Murphy	Service	155,540	28/11/2023	30/06/2024	30/06/2027	\$0.00	\$0.08
Killian Murphy	Service	937,500	16/12/2024	16/12/2024	30/06/2028	\$0.00	\$0.03
Killian Murphy	Service	468,750	16/12/2024	31/03/2025	30/06/2028	\$0.00	\$0.03
Killian Murphy	Service	468,750	16/12/2024	30/06/2025	30/06/2028	\$0.00	\$0.03
Kenneth Lai	Service	821,250	16/12/2024	16/12/2024	30/06/2028	\$0.00	\$0.03
Kenneth Lai	Service	410,625	16/12/2024	31/03/2025	30/06/2028	\$0.00	\$0.03
Kenneth Lai	Service	410,625	16/12/2024	30/06/2025	30/06/2028	\$0.00	\$0.03

**Novatti Group Limited**  
**Directors' report**  
**30 June 2025**

Name	Service / Market conditions	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value at per option grant date
Mark Healy	Service	915,672	31/01/2025	14/02/2025	31/01/2028	\$0.00	\$0.03
Mark Healy	Service	915,672	31/01/2025	14/03/2025	31/01/2028	\$0.00	\$0.03
Mark Healy	Service	915,672	31/01/2025	15/04/2025	31/01/2028	\$0.00	\$0.03
Mark Healy	Service	915,672	31/01/2025	15/05/2025	31/01/2028	\$0.00	\$0.03
Mark Healy	Service	915,672	31/01/2025	13/06/2025	31/01/2028	\$0.00	\$0.03
Mark Healy	Service	915,678	31/01/2025	15/07/2025	31/01/2028	\$0.00	\$0.03
Mark Healy	Market / Service	20,710,928	25/02/2025	30/06/2027	30/06/2028	\$0.04	\$0.02
Mark Healy	Market / Service	20,710,928	25/02/2025	30/06/2027	30/06/2028	\$0.04	\$0.01
Mark Healy	Market / Service	20,710,928	25/02/2025	30/06/2027	30/06/2028	\$0.04	\$0.01
Mark Healy	Service	3,009,130	25/02/2025	30/06/2025	30/06/2028	\$0.00	\$0.02
Dharshini Mendez	Service	500,000	17/04/2023	17/04/2023	17/04/2026	\$0.18	\$0.09
Dharshini Mendez	Service	500,000	17/04/2023	17/04/2024	17/04/2026	\$0.18	\$0.09
Dharshini Mendez	Service	500,000	17/04/2023	17/04/2025	17/04/2026	\$0.18	\$0.09
Dharshini Mendez	Service	51,109	31/01/2025	15/07/2025	30/06/2028	\$0.00	\$0.03
Dharshini Mendez	Service	2,109,511	7/03/2025	30/06/2025	30/06/2028	\$0.00	\$0.03
Dharshini Mendez	Market / Service	1,997,650	7/03/2025	30/06/2027	30/06/2028	\$0.04	\$0.02
Dharshini Mendez	Market / Service	1,997,650	7/03/2025	30/06/2027	30/06/2028	\$0.04	\$0.01
Dharshini Mendez	Market / Service	1,997,650	7/03/2025	30/06/2027	30/06/2028	\$0.04	\$0.01
		<u>125,606,420</u>					

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2025 are set out below:

Name	Number of options granted during the year 2025	Number of options granted during the year 2024	Number of options vested during the year 2025	Number of options vested during the year 2024
Peter Pawlowitsch	3,750,000	1,361,581	3,750,000	1,361,581
Peter Cook	1,869,432	8,564,503	1,869,432	2,057,685
Kenneth Lai	1,642,500	1,179,546	1,642,500	1,179,546
Alan Munday <sup>(a)</sup>	-	-	-	125,000
Killian Murphy	1,875,000	653,881	1,875,000	653,881
Mark Healy <sup>(b)</sup>	70,635,953	-	7,587,490	4,151,515
Dharshini Mendez <sup>(c)</sup>	8,409,102	-	2,365,046	500,000

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

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

(c) Dharshini Mendez was appointed as Chief Financial Officer on 3 April 2023 and resigned on 13 May 2025



**Additional information**

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

	2025	2024	2023	2022	2021
Share price at financial year end (\$)	0.019	0.041	0.120	0.155	0.640
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(1.303)	(5.859)	(7.800)	(5.115)	(5.162)

**Additional disclosures relating to key management personnel**

**Shareholding**

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

	Balance at the start of the year	Received from Entitlement Offer and Placement	Exercise of options <sup>(a)</sup>	Other <sup>(b)</sup>	Balance at the end of the year
<b>Ordinary shares</b>					
Peter Pawlowitsch	4,067,295	11,817,001	-	-	15,884,296
Peter Cook	13,674,571	9,453,603	-	-	23,128,174
Kenneth Lai	13,309,971	-	-	-	13,309,971
Alan Munday	128,348	-	-	(128,348)	-
Killian Murphy	-	-	-	-	-
Dharshini Mendez	-	-	255,535	(255,535)	-
Mark Healy <sup>(c)</sup>	29,700	-	-	2,018,457	2,048,157
	<u>31,209,885</u>	<u>21,270,604</u>	<u>255,535</u>	<u>1,634,574</u>	<u>54,370,598</u>

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

(b) Alan Munday and Dharshini Mendez ceased being key management personnel. Mark Healy received 9,900 on 26 November 2024 as his entitlement as detailed in the Prospectus issued 24 October 2024, 1,383,557 acquired via on market purchase and 625,000 acquired within Tranche two of as detailed in the Prospectus 24 October 2024.

**Option holding**

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

	Balance at the start of the year	Granted	Free options attached from placement and entitlement offer	Exercised <sup>(a)</sup>	Lapsed / expired	Ceased as KMP	Balance at the end of the year
<b>Options over ordinary shares</b>							
Peter Pawlowitsch <sup>(b)</sup>	10,528,248	3,750,000	12,394,779	-	-	-	26,673,027
Peter Cook <sup>(c)</sup>	21,106,170	1,869,432	9,915,826	-	(2,897,727)	-	29,993,701
Kenneth Lai	4,179,546	1,642,500	-	-	-	-	5,822,046
Dharshini Mendez <sup>(d)</sup>	1,500,000	8,409,104	-	(255,535)	-	(9,653,569)	-
Mark Healy <sup>(e)</sup>	15,859,849	70,635,953	625,000	-	(9,000,000)	-	78,120,802
Killian Murphy	2,653,881	1,875,000	-	-	-	-	4,528,881
	<u>55,827,694</u>	<u>88,181,989</u>	<u>22,935,605</u>	<u>(255,535)</u>	<u>(11,897,727)</u>	<u>(9,653,569)</u>	<u>145,138,457</u>

**Novatti Group Limited**  
**Directors' report**  
**30 June 2025**

- (a) The exercises of options were cashless and the number of shares issued were according to the intrinsic economic value of the option derived between exercise price and VWAP on ASX over 5 trading day period immediately preceding the exercise date.
- (b) Peter Pawlowitsch received 6,539,224 and 5,855,555 options from Entitlement Offer and Placement respectively during the year ended 30 June 2025.
- (c) Peter Cook received 5,231,380 and 4,684,446 options from Entitlement Offer and Placement respectively during the year ended 30 June 2025.
- (d) Resigned as Chief Financial Officer on 14 May 2025. 306,644 options granted during the year ended 30 June 2025 were related to settlement of outstanding salary payables of \$9,000.
- (e) 5,494,037 options granted during the year ended 30 June 2025 were related to settlement of outstanding salary payables of \$181,250. The options received from capital raise were through Coolbawn Crispen Pty Ltd, an entity associated with Mark Healy.

*Other transactions with key management personnel and their related parties*

*Services*

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

*Current liabilities to key management personnel and related parties*

As at 30 June 2025 and 30 June 2024, the unpaid directors' fee are set out in the below table:

	30 June 2025	30 June 2024
	\$	\$
Peter Cook	<u>205,638</u>	<u>131,158</u>

As at 30 June 2025, there were \$220,000 (30 June 2024: \$880,000) of loans from related parties outstanding.

***This concludes the remuneration report, which has been audited.***

### Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
20/12/2021	30/11/2025	\$0.450	7,000,000
30/09/2022	30/06/2026	\$0.250	1,000,000
13/12/2022	30/06/2026	\$0.250	250,000
17/04/2023	17/04/2026	\$0.180	1,500,000
13/06/2023	30/06/2027	\$0.200	3,000,000
23/11/2023	30/11/2026	\$0.200	13,000,000
28/11/2023	30/06/2027	\$0.000	1,342,384
28/11/2023	30/06/2027	\$0.000	3,900,134
28/11/2023	30/06/2027	\$0.200	2,700,000
22/02/2024	31/01/2027	\$0.095	29,166,667
4/03/2024	31/01/2027	\$0.095	6,854,194
18/07/2024	31/01/2027	\$0.100	2,750,000
26/11/2024	31/12/2027	\$0.064	7,110,404
27/11/2024	31/12/2027	\$0.064	68,077,096
6/12/2024	31/12/2027	\$0.060	55,240,020
9/12/2024	31/12/2027	\$0.064	100,612,567
11/12/2024	31/12/2027	\$0.064	9,295,492
16/12/2024	30/06/2028	\$0.000	2,122,623
11/02/2025	31/01/2028	\$0.000	1,056,220
25/02/2025	30/06/2028	\$0.040	20,710,928
25/02/2025	30/06/2028	\$0.040	20,710,928
25/02/2025	30/06/2028	\$0.040	20,710,928
14/03/2025	30/06/2028	\$0.040	12,524,455
14/03/2025	30/06/2028	\$0.040	7,818,483
14/03/2025	30/06/2028	\$0.040	7,818,483
14/03/2025	30/06/2028	\$0.040	7,818,483
1/04/2025	31/12/2027	\$0.040	14,465,950
18/07/2025	30/06/2028	\$0.000	283,080
			<u>428,839,519</u>

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

### Shares issued on the exercise of options

There were 19,471,279 ordinary shares of Novatti Group Limited issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

### Indemnity and insurance of officers

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

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

### Indemnity and insurance of auditor

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

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

### **Proceedings on behalf of the Company**

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

### **Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

### **Officers of the Company who are former partners of William Buck**

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

### **Rounding of amounts**

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

### **Auditor's independence declaration**

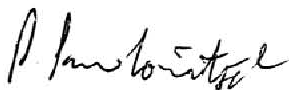
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

### **Auditor**

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

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

On behalf of the directors



---

Peter Pawlowitsch  
Chairman

26 September 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 audit of Novatti Group Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

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

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

William Buck

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

A. A. Finnis

**A. A. Finnis**  
Director  
Melbourne, 26 September 2025

For personal use only

**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 Restated *</b>
<b>Revenue from continuing operations</b>	5	50,482	40,693
Other income	6	3,689	2,945
<b>Expenses</b>			
Administrative and corporate costs		(4,834)	(3,455)
Client hosting fees and other direct services	7	(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	32	(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)
<b>Loss after income tax expense from continuing operations</b>		(8,796)	(16,148)
Profit/(loss) after income tax expense from discontinued operations	8	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
<b>Other comprehensive income for the year, net of tax</b>		399	186
<b>Total comprehensive income for the year</b>		<u>(6,244)</u>	<u>(20,417)</u>
Loss for the year is attributable to:			
Non-controlling interest		(533)	(442)
Owners of Novatti Group Limited		(6,110)	(20,161)
		<u>(6,643)</u>	<u>(20,603)</u>
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)
		<u>(6,244)</u>	<u>(20,417)</u>

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

**Novatti Group Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 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	31	(1.778)	(4.693)
Diluted loss per share	31	(1.778)	(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	31	0.475	(1.295)
Diluted earnings per share	31	0.307	(1.295)
<b>Earnings per share for loss attributable to the owners of Novatti Group Limited</b>			
Basic loss per share	31	(1.303)	(5.859)
Diluted loss per share	31	(1.303)	(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 8 for detailed information on Discontinued operations.

For personal use only

**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 *	9	2,376	5,208
Trade and other receivables	10	8,254	8,623
Financial assets - funds in trust	11	56,790	93,403
Other current assets		502	525
		67,922	107,759
Assets of disposal groups classified as held for sale	12	587	4,357
Total current assets		68,509	112,116
<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	13	5,146	6,390
Security deposits	25	4,612	4,537
Total non-current assets		10,595	11,741
<b>Total assets</b>		<b>79,104</b>	<b>123,857</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	16,133	22,801
Settlement, remittance and visa funds payable	15	56,560	93,390
Borrowings	16	220	880
Lease liabilities		530	243
Contract liabilities		910	472
Convertible note facilities	17	2,042	2,146
Employee benefits	18	3,098	3,078
		79,493	123,010
Liabilities directly associated with assets classified as held for sale	19	422	396
Total current liabilities		79,915	123,406
<b>Non-current liabilities</b>			
Lease liabilities		10	146
Employee benefits	18	58	64
Total non-current liabilities		68	210
<b>Total liabilities</b>		<b>79,983</b>	<b>123,616</b>
<b>Net (liabilities)/assets</b>		<b>(879)</b>	<b>241</b>

*The above consolidated statement of financial position 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>Equity</b>			
Issued capital	20	97,993	91,806
Reserves	21	7,916	5,972
Accumulated losses		(107,537)	(102,345)
Deficiency in equity attributable to the owners of Novatti Group Limited		(1,628)	(4,567)
Non-controlling interest		749	4,808
<b>Total (deficiency)/equity **</b>		<b>(879)</b>	<b>241</b>

\* Refer to note 2 restatement resulted from adoption of amended accounting standard relevant to convertible notes.

\*\* Refer to note 29 for pro-forma net assets position of the Group from change in control of AUDC.

For personal use only

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

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

**Novatti Group Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2025**

**Consolidated**

	Issued capital \$'000	Equity settled share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Convertible note reserve \$'000	Accumulated losses \$'000	Total equity attributable to owners of the company \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 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 cash flows**  
**For the year ended 30 June 2025**

	Note	Consolidated 2025 \$'000	2024 \$'000
<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)
Net cash used in operating activities	30	(11,307)	(13,425)
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(13)	(10)
Payments for intangible assets	13	(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
Net cash (used in)/from investing activities		(2,148)	8,730
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	20	7,082	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		584	-
Proceeds from borrowings	16	220	2,100
Repayment of borrowings	16	(880)	(11,720)
Proceeds from issue of convertible note facility		-	3,500
Repayment of lease liabilities		(303)	(354)
Net cash from/(used in) financing activities		7,227	(3,397)
Net decrease in cash and cash equivalents		(6,228)	(8,092)
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)
Cash and cash equivalents at the end of the financial year *	9	2,543	9,469

\* 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*

**Note 1. General information**

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

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

Level 3  
461 Bourke Street  
Melbourne VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 September 2025. The directors do not have the power to amend and reissue the financial statements.

**Note 2. Material accounting policy information**

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

**New or amended Accounting Standards and Interpretations adopted**

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

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

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

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

*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 2025 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>	<b>123,616</b>	<b>-</b>	<b>123,616</b>
<b>Net assets</b>	<b>241</b>	<b>-</b>	<b>241</b>

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

**Going concern**

The financial statements for the year ended 30 June 2025 have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, the realisation of assets, and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2025, the Group incurred a net cash outflows from operating activities of \$11,307,000 (2024: net outflows of \$13,425,000). Notably, cash outflows from operating activities in the first half of the financial year was \$8,383,000. These improvements reflect the Group's continued progress in executing its operational and financial strategy.

Despite these improvements, the Group incurred a net loss after tax of \$6,643,000 (2024: \$20,603,000), a net current liability of \$11,406,000 (2024: net current liability of \$11,290,000) as at 30 June 2025. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities in the normal course of business.

The financial statements have been prepared on a going concern basis for the following reasons:

- **Commercial traction** - The Group has secured several commercial wins throughout the year ended 30 June 2025, including:
  - A contract with a major Asian-based global airline to enhance its voucher payment offering with a new digital solution.
  - A renewed multi-year agreement with a tier one Australian telecommunications provider.
  - Expansion into the New Zealand market through its card issuing services for a global fintech client.
  - Enablement of international tuition payments for a major university in New South Wales.
  - Launch of ChinaPayments in New Zealand to process payments for a leading university accommodation provider.
  - Extension of a card issuing program for a major accounting services firm into the New Zealand market.

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

- **Capital flexibility** - The Group continues to explore various funding strategies and maintains a track record of successfully raising capital when required.
- **Asset realisation** - During the year end, the Group completed the divestment of its interest in IBOA Group Holdings Pty Ltd, generating \$2,869,000 in cash. Subsequent to the year end, the Group also completed the divestment of its 100% interest in Emersion Systems Pty Ltd, generating \$500,000 in cash. The Group retains investments in other non-core assets that may be divested to support funding needs, if required.
- **Cost control** - The Group is progressing with a simplification strategy aimed at extracting greater value from existing resources and reducing discretionary expenditure, with the flexibility to scale back non-essential activities.
- **Board support** - The Directors have indicated a willingness to defer or settle amounts owed to them in equity instruments (subject to shareholder approval where required) to preserve cash resources.

Based on the above, the Directors are of the opinion that the Group will be able to continue as a going concern and that it is appropriate to prepare the financial statements on this basis. Accordingly, no adjustments have been made to the financial statements relating to the recoverability or classification of recorded assets or liabilities that might be necessary should the Group not continue as a going concern.

**Basis of preparation**

*Historical cost convention*

The financial statements have been prepared on an accruals basis and under the historical cost convention, except for, other investments at fair value through profit and loss, share-based payments and embedded derivatives to convertible note facility, which are recorded at fair value basis; and non-current assets subject to impairment testing, which incorporate fair value measurements in determining recoverable amounts.

*Critical accounting estimates*

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

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the legal parent entity is disclosed in note 27.

**Principles of consolidation**

These are the financial statements of the 'Company' and the 'Group' as at 30 June 2025.

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

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

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

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



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

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

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

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

**Revenue recognition**

*Revenue from contracts with customers*

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

*Payments AU/NZ*

*Acquiring*

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

*Issuing*

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

*Cross Border*

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

*Novatti Billpay*

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

*Payments International*

*Alternative Payments*

Revenue from Alternative Payments is a mixture of:

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

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

*ATX Payments*

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

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

Technology Solutions

In this revenue stream the Consolidated Entity:

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

Interest

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

Contract liabilities

Contract liabilities includes revenue from clients whereby services are billed in advance of their anniversary dates and have outstanding services owing for the financial year ended 30 June 2025.

Other revenue

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

Contract assets

Contract assets includes revenue from the sales of services unbilled as at 30 June 2025.

Government grants

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

**Discontinued operations**

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

**Funds in trust and settlement, remittance and visa funds payable**

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

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

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

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

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

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

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

**Intangible assets**

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

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

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

*Intangible assets acquired in a business combination*

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

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

**Impairment of tangible and intangible assets**

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

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

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

**Borrowings and convertible notes**

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

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

**Note 3. Critical accounting judgements, estimates and assumptions**

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

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

*Share-based payment transactions*

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

*Allowance for expected credit losses*

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

*Revenue from contracts with customers involving performance milestones*

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

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

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

*Estimation of useful lives of finite life intangible assets*

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

*Recovery of deferred tax assets*

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

*Assessment of the conversion features of the convertible notes*

During the year ended 30 June 2025, the Group issued convertible notes with conversion clauses that were both fixed and variable. For the convertible note tranches with variable conversion terms, at initial recognition an embedded derivative is recognised on the statement of financial position at fair value and that embedded derivative is subsequently recorded at its fair value thereafter, with changes in fair value going through to the statement of profit or loss and other comprehensive income. The difference between the consideration received (net of costs) and the embedded derivative is reflected in the principal value of the convertible note liability.

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

*Research and Development Rebate*

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

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into four operating business segments:

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

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

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

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 30 June 2025, the consolidated entity did not transact with any single customer that individually represented more than 10% of revenues (30 June 2024: nil).

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

**Note 4. Operating segments (continued)**

*Operating segment information*

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

<b>Consolidated - 30 June 2025</b>	<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>Revenue</b>					
Revenue from ordinary activities	11,784	33,975	3,631	1,092	50,482
Other income	536	-	-	-	536
<b>Total revenue</b>	<b>12,320</b>	<b>33,975</b>	<b>3,631</b>	<b>1,092</b>	<b>51,018</b>
<b>EBITDA</b>	<b>(1,137)</b>	<b>2,374</b>	<b>2,168</b>	<b>694</b>	<b>4,099</b>
Corporate EBITDA					(9,674)
Interest Income					1,060
Gain on Lease					92
Losses in on investments at fair value through profit or loss					133
Depreciation and amortisation					(1,393)
Finance Costs					(1,850)
Vesting charge for share-based payments					(1,822)
Gains on embedded derivative - convertible note facility into Novatti Group Ltd the parent entity					564
<b>Loss before income tax expense</b>	<b>(1,137)</b>	<b>2,374</b>	<b>2,168</b>	<b>694</b>	<b>(8,791)</b>
Income tax expense	-	-	-	-	(5)
<b>Loss after income tax expense from continuing operations</b>	<b>(1,137)</b>	<b>2,374</b>	<b>2,168</b>	<b>694</b>	<b>(8,796)</b>
Loss from Discontinued Operations					2,153
<b>Loss after income tax expense for the year</b>	<b>(1,137)</b>	<b>2,374</b>	<b>2,168</b>	<b>694</b>	<b>(6,643)</b>
Foreign currency translation					399
<b>Total comprehensive income for the year, net tax</b>	<b>(1,137)</b>	<b>2,374</b>	<b>2,168</b>	<b>694</b>	<b>(6,244)</b>



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

**Note 4. Operating segments (continued)**

	Payments AU/NZ \$'000	Payments International \$'000	Technology Solutions \$'000	Investments \$'000	Consolidated \$'000
<b>Consolidated - 30 June 2025</b>					
<b>Assets</b>					
Segment assets	24,961	26,083	1,956	619	53,619
Assets held for sale					586
Corporate assets					24,899
<b>Total assets</b>	<b>24,961</b>	<b>26,083</b>	<b>1,956</b>	<b>619</b>	<b>79,104</b>
<b>Liabilities</b>					
Segment liabilities	22,216	30,976	1,200	964	55,356
Liabilities held for sale					423
Corporate liabilities					24,136
<b>Total liabilities</b>	<b>22,216</b>	<b>30,976</b>	<b>1,200</b>	<b>964</b>	<b>79,915</b>
<b>Consolidated - 2024</b>					
<b>Revenue</b>					
Revenue from ordinary activities	13,720	22,239	3,590	1,144	40,693
Other income	677	-	-	-	677
<b>Total revenue</b>	<b>14,397</b>	<b>22,239</b>	<b>3,590</b>	<b>1,144</b>	<b>41,370</b>
<b>EBITDA</b>	<b>(5,465)</b>	<b>2,123</b>	<b>2,976</b>	<b>(386)</b>	<b>(752)</b>
Corporate EBITDA					(11,843)
Income from Dividends					563
Interest Income					1,445
Gain on Lease					260
Losses in on investments at fair value through profit or loss					(2,639)
Depreciation and amortisation					(1,428)
Finance Costs					(1,504)
Vesting charge for share-based payments					(1,057)
Gains on embedded derivative - convertible note facility into Novatti Group Ltd the parent entity					823
<b>Loss before income tax expense</b>	<b>(5,465)</b>	<b>2,123</b>	<b>2,976</b>	<b>(386)</b>	<b>(16,132)</b>
Income tax expense	-	-	-	-	(16)
<b>Loss after income tax expense from continuing operations</b>	<b>(5,465)</b>	<b>2,123</b>	<b>2,976</b>	<b>(386)</b>	<b>(16,148)</b>
Loss from Discontinued Operations					(4,455)
<b>Loss after income tax expense for the year</b>	<b>(5,465)</b>	<b>2,123</b>	<b>2,976</b>	<b>(386)</b>	<b>(20,603)</b>
Foreign currency translation					186
<b>Total comprehensive income for the year, net tax</b>	<b>(5,465)</b>	<b>2,123</b>	<b>2,976</b>	<b>(386)</b>	<b>(20,417)</b>
<b>Assets</b>					
Segment assets	29,000	55,009	2,367	3,453	89,829
Assets held for sale					4,357
Corporate assets					29,671
<b>Total assets</b>	<b>29,000</b>	<b>55,009</b>	<b>2,367</b>	<b>3,453</b>	<b>123,857</b>

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

**Note 4. Operating segments (continued)**

<b>Consolidated - 2024</b>	<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>Liabilities</b>					
Segment liabilities	26,745	53,521	725	2,422	83,413
Liabilities held for sale					396
Corporate liabilities					39,807
<b>Total liabilities</b>	<b>26,745</b>	<b>53,521</b>	<b>725</b>	<b>2,422</b>	<b>123,616</b>

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

	<b>Sales to external customers 30 June 2025 \$'000</b>	<b>Sales to external customers 30 June 2024 \$'000</b>	<b>Geographical non-current assets 30 June 2025 \$'000</b>	<b>Geographical non-current assets 30 June 2024 \$'000</b>
Australia & New Zealand	12,711	15,200	2,449	4,563
United States	5,504	3,974	-	-
Malaysia	4,767	4,245	8,146	7,178
Malta	23,843	12,662	-	-
Brazil	459	839	-	-
Others	3,198	3,773	-	-
	<b>50,482</b>	<b>40,693</b>	<b>10,595</b>	<b>11,741</b>

**Note 5. Revenue**

**30 June 2025**

**Sales revenue:**

	<b>Timing of revenue recognition</b>		
	<b>Services provided at point in time \$'000</b>	<b>Services provided over time \$'000</b>	<b>Consolidated \$'000</b>
Payments AU/NZ	11,784	-	11,784
Payments International	33,975	-	33,975
Technology Solutions	1,866	1,765	3,631
Investments	1,092	-	1,092
	<b>48,717</b>	<b>1,765</b>	<b>50,482</b>

**Note 5. Revenue (continued)**

30 June 2024

	Timing of revenue recognition	
	Services provided at point in time \$'000 Restated *	Services provided over time \$'000 Restated *
Sales revenue:		Consolidated \$'000 Restated *
Payments AU/NZ	13,720	-
Payments International	22,239	-
Technology Solutions	1,768	1,822
Investments	1,144	-
	38,871	1,822
		40,693

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

**Note 6. Other income**

	Consolidated	
	2025 \$'000	2024 \$'000
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 8 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.

**Note 7. Client hosting fees and other direct services**

	Consolidated	
	2025 \$'000	2024 \$'000
Settlement services	3,940	3,074
Issuing costs related to program management and Visa	2,204	2,525
Voucher top up, payment and distribution costs associated with the Malaysian subsidiary	3,837	3,142
Cross border settlement costs	731	1,274
Hosting and other direct services	26,070	15,208
	36,782	25,223

**Note 8. 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 12 and note 19 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.

	<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	(2,958)	(3,542)
Loss before income tax expense	(871)	(1,336)
Income tax expense	-	-
Loss after income tax expense *	(871)	(1,336)
Profit/(loss) after income tax expense from discontinued operations *	(871)	(1,336)

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

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

\* 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 8. Discontinued operations (continued)**

*Cash flow information*

	<b>Consolidated 2025 \$'000</b>	<b>2024 \$'000</b>
Net cash from/(used in) operating activities	154	(2,839)
Net cash from investing activities	-	-
Net cash from financing activities	-	1,616
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents from discontinued operations	<b>154</b>	<b>(1,223)</b>

*Carrying amounts of assets and liabilities disposed*

	<b>Consolidated 2025 \$'000</b>
Cash and cash equivalents	4,877
Trade and other receivables	115
Fund held in trust	1
Total assets	<hr/> 4,993
Trade and other payables	136
Employee benefits	140
Total liabilities	<hr/> 276
Net assets	<hr/> <b>4,717</b>

*Details of the disposal*

	<b>Consolidated 2025 \$'000</b>
Total sale consideration	2,869
Carrying amount of net assets disposed	(4,717)
Derecognition of non-controlling interest	5,219
Disposal costs	<hr/> -
Gain on disposal before income tax	3,371
Income tax expense	<hr/> -
Gain on disposal after income tax	<hr/> <b>3,371</b>

**Note 9. 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	2,376	5,208
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>		
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 12)	167	4,261
Balance as per statement of cash flows	2,543	9,469

**Note 10. Trade and other receivables**

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Trade and other receivables	8,224	8,257
Less: Allowance for expected credit losses	(310)	(26)
	7,914	8,231
Contract assets	340	392
	8,254	8,623

*Allowance for expected credit losses*

The Consolidated Entity has recognised additional provision of \$310,000 (30 June 2024: \$26,000) in statement of profit or loss and other comprehensive income in respect of the expected credit losses for the year ended 30 June 2025.

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

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

	<b>Expected credit loss rate</b>		<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>	<b>30 June 2025</b>	<b>30 June 2024</b>	<b>30 June 2025</b>	<b>30 June 2024</b>
<b>Consolidated</b>	<b>%</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Not overdue	-	-	1,967	4,711	-	-
0 to 3 months overdue	-	-	5,068	2,296	-	-
Over 3 months overdue	26%	2%	1,189	1,250	(310)	(26)
			8,224	8,257	(310)	(26)



**Note 10. Trade and other receivables (continued)**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Reconciliation of trade and other receivables at the end of the financial year</i>		
The above figures are reconciled to the followings:		
Total trade and other receivables at the end of the financial year	8,630	8,718
Less:		
Transfer to assets of disposal groups classified as held for sale (note 12)	(376)	(95)
	<u>8,254</u>	<u>8,623</u>
Balance as per consolidated statement of financial position	<u>8,254</u>	<u>8,623</u>

**Note 11. Financial assets - funds in trust**

	<b>Consolidated</b>	<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*	13,477	30,906
Remittance funds*	751	9,958
Client visa funds*	42,562	52,539
	<u>56,790</u>	<u>93,403</u>

Refer to note 15 Settlement, Remittance and Client visa funds payable

**Note 12. 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 19 for liabilities directly associated with assets classified as held for sale).

	<b>Consolidated</b>	<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 13. Intangible assets**

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Brand Asset	4,971	4,971
Less: Accumulated amortisation	(1,923)	(1,431)
	<u>3,048</u>	<u>3,540</u>
Intellectual property - at cost	3,652	3,178
Less: Accumulated amortisation	(1,991)	(1,620)
	<u>1,661</u>	<u>1,558</u>
Customer Lists	3,897	3,853
Less: Accumulated amortisation	(3,486)	(2,979)
	<u>411</u>	<u>874</u>
Licences	475	475
Less: Accumulated amortisation	(451)	(356)
	<u>24</u>	<u>119</u>
Other intellectual property	2	53
Product development	1,643	1,643
Less: Accumulated amortisation	(1,643)	(1,397)
	<u>-</u>	<u>246</u>
	<u><u>5,146</u></u>	<u><u>6,390</u></u>

*Reconciliations*

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

	<b>Brand Asset</b>	<b>Intellectual Property</b>	<b>Customer Lists</b>	<b>Licences</b>	<b>Other Intangible Assets</b>	<b>Product Development</b>	<b>Total</b>
<b>Consolidated</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2023	4,034	1,590	1,438	214	53	575	7,904
Additions	-	317	-	-	-	-	317
Exchange differences	-	-	(6)	-	-	-	(6)
Amortisation expense	(494)	(349)	(558)	(95)	-	(329)	(1,825)
Balance at 30 June 2024	3,540	1,558	874	119	53	246	6,390
Additions	-	164	-	-	-	-	164
Transfer to assets of disposal group classified as held for sale (note 12)	-	-	-	-	(44)	-	(44)
Exchange differences	-	185	15	-	(7)	-	193
Amortisation expense	(492)	(246)	(478)	(95)	-	(246)	(1,557)
Balance at 30 June 2025	<u>3,048</u>	<u>1,661</u>	<u>411</u>	<u>24</u>	<u>2</u>	<u>-</u>	<u>5,146</u>

**Note 14. Trade and other payables**

	<b>Consolidated</b>	<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>
	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Reconciliation of trade and other payables at the end of the financial year</i>		
The above figures are reconciled to the followings:		
Total trade and other payables at the end of the financial year	16,322	23,068
Less:		
Transfer to liabilities directly associated with assets classified as held for sale (note 19)	<u>(189)</u>	<u>(267)</u>
Balance as per consolidated statement of financial position	<u>16,133</u>	<u>22,801</u>

**Note 15. Settlement, remittance and visa funds payable**

	<b>Consolidated</b>	<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*	13,247	30,893
Remittance funds payable*	751	9,958
Client visa funds payable*	42,562	52,539
	<u>56,560</u>	<u>93,390</u>

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

**Note 16. Borrowings**

	<b>Consolidated</b>	<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 17. 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>

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. Subsequently, \$12,000 and \$370,000 were converted to shares during the year ended 30 June 2024 and 30 June 2025 respectively, with current balance being \$3.118 million as at 30 June 2025.

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.

*Valuation methodology applied in valuing Convertible Notes*

As at 30 June 2025, Black Scholes option pricing model was used to determine the value of the embedded derivative. 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.

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

**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	<u>3,118,000</u>	<u>2,042</u>	<u>3,488,000</u>	<u>2,146</u>

**Note 17. Convertible note facilities (continued)**

**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	<u>354</u>	<u>918</u>

Refer to note 22 for further information on financial instruments.

**Note 18. Employee benefits**

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Annual leave	731	788
Long service leave	319	495
Provision for employee-related costs *	2,048	1,795
	<u>3,098</u>	<u>3,078</u>
<i>Non-current liabilities</i>		
Long service leave	58	64
	<u>3,156</u>	<u>3,142</u>

\* The provision for employee-related costs relates to the deferred earn-out milestone payments to the selling shareholders of ATX on the business achieving agreed performance targets for the two year period ending 31 December 2023. While these payments are yet to be made, Directors have determined to make a provision for the full liability as recognised at the time of acquisition.

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Reconciliation of employee benefits at the end of the financial year</i>		
The above figures are reconciled to the followings:		
Total employee benefits at the end of the financial year	3,389	3,271
Less:		
Transfer to liabilities directly associated with assets classified as held for sale (note 19)	(233)	(129)
Balance as per consolidated statement of financial position	<u>3,156</u>	<u>3,142</u>

**Note 19. 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 12 for assets of disposal groups classified as held for sale).

**Note 19. Liabilities directly associated with assets classified as held for sale (continued)**

	<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 20. Issued capital**

	<b>Consolidated</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>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$'000</b>
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	200,000	\$0.000 4
Balance	30 June 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	1,303,235	\$0.033 44
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.



**Note 20. Issued capital (continued)**

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

*Share buy-back*

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

*Capital risk management*

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

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

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

**Note 21. Reserves**

	<b>Consolidated</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency reserve	1,043	568
Share-based payments reserve	6,192	4,723
Convertible note option reserve	681	681
	<u>7,916</u>	<u>5,972</u>

**Note 22. Financial instruments**

***Financial risk management objectives***

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

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

***Principal financial instruments***

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

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

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

**Note 22. Financial instruments (continued)**

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

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

**Credit risk**

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

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

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

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

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

**Market risk**

*Foreign currency risk*

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

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

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

**Note 22. Financial instruments (continued)**

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

Consolidated	Assets		Liabilities	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	\$'000	\$'000	\$'000	\$'000
CAD	282	4,402	(479)	(452)
USD	867	838	(346)	(799)
EUR	2,124	25,963	(2,792)	(4,029)
GBP	1	2	(3)	(162)
NZD	1,155	26,642	(44)	(37)
ILS	-	-	(45)	-
ZAR	6	-	(3)	-
HKD	185	-	-	-
SGD	26	-	-	-
MYR	1,150	2,645	(3,230)	(3,396)
	<u>5,796</u>	<u>60,492</u>	<u>(6,942)</u>	<u>(8,875)</u>

The following tables below illustrate the sensitivity of the net result for the year and equity in regard to the Group's financial assets and financial liabilities compared with the currency on deposit and AUD exchange rate. It assumes a +/- 5% change in the exchange rate for the year ended at 30 June 2025. This percentage has been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. This assumes that other variables, in particular interest rates, remain constant.

Consolidated - 30 June 2025	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
		\$'000	\$'000		\$'000	\$'000
CAD	5%	9	-	(5%)	(10)	-
USD	5%	(25)	-	(5%)	27	-
EUR	5%	32	-	(5%)	(35)	-
GBP	5%	68	-	(5%)	(75)	-
NZD	5%	(50)	-	(5%)	55	-
MYR	5%	97	-	(5%)	(108)	-
		<u>131</u>	<u>-</u>		<u>(146)</u>	<u>-</u>

Consolidated - 30 June 2024	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
		\$'000	\$'000		\$'000	\$'000
CAD	5%	(188)	-	5%	208	-
USD	5%	(2)	-	5%	2	-
EUR	5%	(1,044)	-	5%	1,154	-
GBP	5%	8	-	5%	(8)	-
NZD	5%	(1,267)	-	5%	1,400	-
MYR	5%	36	-	5%	(40)	-
		<u>(2,457)</u>	<u>-</u>		<u>2,716</u>	<u>-</u>

**Note 22. Financial instruments (continued)**

*Price risk*

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2025				
<i>Assets</i>				
Shares in unlisted entities	-	165	-	165
<i>Liabilities</i>				
Embedded derivatives of convertible note	-	-	354	354
30 June 2024				
<i>Assets</i>				
Shares in unlisted entities	-	166	-	166
<i>Liabilities</i>				
Embedded derivatives of convertible note	-	-	918	918

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

	Level 1		Level 2		Level 3	
	30 June 2025 \$'000	30 June 2024 \$'000	30 June 2025 \$'000	30 June 2024 \$'000	30 June 2025 \$'000	30 June 2024 \$'000
Opening fair value	-	11,597	166	250	(918)	-
Addition of embedded derivatives of convertible note	-	-	-	-	-	(1,741)
Disposals of investment	-	(8,958)	-	-	-	-
Movement in fair value	-	(2,639)	-	(84)	564	823
Closing fair value	-	-	166	166	(354)	(918)

**Note 22. Financial instruments (continued)**

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

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

Unobservable inputs used in calculating the embedded derivative classified as level 3 were expected future volatility and the risk-free rate. The expected future volatility was calculated at 85% and the risk-free rate used was 3.21%.

*Embedded derivatives of convertible note*

Derivative liability relates to convertible note facility issued on 3 January 2024 (refer note 17 for further details). The conversion feature on this arrangement has a capped conversion price, the variable price also contains a floor. The existence of these caps and floors, means that this conversion feature is not considered to be an equity instrument in accordance with AASB 132, as it will not result in a fixed number of shares for fixed consideration. This conversion feature is a derivative and as a result changes in fair value are recognised through the profit and loss (FVTPL) in accordance with AASB 9. At initial recognition and subsequent reporting close, the derivative is required to be fair valued. The Black Scholes option pricing model assumes the option holder will exercise at expiry (i.e. the note will be converted on maturity) to predict the Group's possible future share prices to determine the Variable Conversion Price.

*Sensitivity analysis*

The sensitivity analysis undertaken on the unobservable inputs identified no material impact to the valuation at 30 June 2025.

There were no transfers between levels during the financial year.

**Liquidity risk**

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

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

As at 30 June 2025, the financial liabilities of the Group include:

- Trade and other payables. For further details including breakdown of balances, refer to trade and other payables in note 14 for a breakdown of account balances
- Lease liabilities. Refer to for a summary of the outstanding lease liabilities
- Borrowings (loan from related parties and bond). Refer to note 16 for details.
- Convertible note facility. Refer to note 17 for details.

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

**Note 22. Financial instruments (continued)**

*Remaining contractual maturities*

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

<b>Consolidated - 30 June 2025</b>	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables and other payables	-	16,133	-	-	-	16,133
<i>Interest-bearing - fixed rate</i>						
Loan from related parties	-	220	-	-	-	220
Convertible note facilities	10.00%	1,688	-	-	-	1,688
Lease liabilities	-	530	10	-	-	540
Total non-derivatives		18,571	10	-	-	18,581
<b>Derivatives</b>						
Embedded derivatives of convertible note	-	354	-	-	-	354
Total derivatives		354	-	-	-	354

<b>Consolidated - 30 June 2024</b>	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables and other payables	-	22,801	-	-	-	22,801
<i>Interest-bearing - fixed rate</i>						
Loan from related parties	12.00%	880	-	-	-	880
Convertible note facilities	10.00%	1,228	-	-	-	1,228
Lease liabilities	5.12%	243	146	-	-	389
Total non-derivatives		25,152	146	-	-	25,298
<b>Derivatives</b>						
Embedded derivatives of convertible note	-	918	-	-	-	918
Total derivatives		918	-	-	-	918

**Fair value of financial instruments**

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

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

**Note 23. Key management personnel disclosures**

*Directors*

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

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

*Other key management personnel*

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

Mark Healy	Chief Executive Officer
Hayden Vowell	Chief Financial Officer (appointed on 13 May 2025)
Dharshini Mendez	Chief Financial Officer (resigned on 13 May 2025)

*Compensation*

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

	<b>Consolidated</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	967,710	1,150,106
Post-employment benefits	138,201	101,686
Long-term benefits	8,278	4,371
Share-based payments	731,471	1,026,004
	<u>1,845,660</u>	<u>2,282,167</u>

**Note 24. Remuneration of auditors**

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

	<b>Consolidated</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - William Buck</i>		
Audit or review of the financial statements	<u>199,152</u>	<u>173,250</u>
<i>Other services - William Buck</i>		
Taxation and compliance services	59,832	23,093
Other assurance services	<u>8,900</u>	<u>13,200</u>
	<u>68,732</u>	<u>36,293</u>
	<u>267,884</u>	<u>209,543</u>

**Note 25. Contingent liabilities**

Deposits under non-current assets are refundable collateral held on application of the Visa issuing license. 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 30 June 2025 and 30 June 2024.

**Note 26. Related party transactions**

*Parent entity*

Novatti Group Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 28.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

*Transactions with related parties*

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

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting dates in relation to director's fee:

	Consolidated	
	30 June 2025	30 June 2024
	\$	\$
Peter Cook	224,332	131,158

*Loans to/from related parties*

As at 30 June 2025 and 30 June 2024, loans from related parties are set out in the below table:

	Consolidated	
	30 June 2025	30 June 2024
	\$	\$
Coolbawn Crispen Pty Ltd	120,000	240,000
Naley Pty Ltd	100,000	240,000
Corangamite Pty Ltd	-	400,000
	220,000	880,000

Disclosures relating to loans from related parties are set out in note 16.



**Note 26. Related party transactions (continued)**

*Terms and conditions*

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

**Note 27. Parent entity information**

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

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	(1,156)	(5,467)
Total comprehensive income	(1,156)	(5,467)

*Statement of financial position*

	<b>Parent</b>	
	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Total current assets	110,219	107,352
Total assets	142,272	139,348
Total current liabilities	57,760	59,100
Total liabilities	57,760	61,246
Net assets	84,512	78,102
Equity		
Issued capital	97,993	91,806
Share-based payments reserve	6,192	4,813
Convertible note option reserve	681	681
Accumulated losses	(20,354)	(19,198)
Total equity	84,512	78,102

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

There exists a prepaid deposit for offices leased in Melbourne and Adelaide. As at 30 June 2025, this totalled \$83,010 (2024: \$83,010) for Melbourne office and \$5,940 (2024: \$5,940) for the Adelaide office. No other prepaid deposit exists.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2025 (30 June 2024: Nil).

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 (30 June 2024: Nil).

**Note 27. Parent entity information (continued)**

*Material accounting policy information*

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

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

**Note 28. Interests in subsidiaries**

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2025 %	30 June 2024 %
Novatti Pty Ltd	Australia	100.0%	100.0%
Flexe Payments Pty Ltd	South Africa	100.0%	100.0%
Flexe Payments (AUS) Pty Ltd	Australia	100.0%	100.0%
Flexe Payments (MLT) Ltd	Malta	100.0%	100.0%
Flexe Payments (UK) Ltd	United Kingdom	100.0%	100.0%
Novatti Commerce Solutions Inc.	Canada	100.0%	100.0%
Novatti Commerce Solutions (MLT) Ltd	Malta	100.0%	100.0%
Novatti Technologies Ltd	United Kingdom	100.0%	100.0%
Novatti Inc.	United States of America	100.0%	100.0%
Vasco Pay Pty Ltd	Australia	100.0%	100.0%
IBOA Group Holdings Pty Ltd	Australia	-	80.5%
International Bank of Australia Pty Limited	Australia	-	80.5%
Intella Payments Pty Ltd	Australia	49.0%	49.0%
Novatti Acquiring Holdings Pty Ltd	Australia	100.0%	100.0%
Novatti Acquiring Services (AUS) Pty Ltd	Australia	100.0%	100.0%
Novatti Acquiring Services (NZ) Pty Ltd	New Zealand	100.0%	100.0%
Novatti Tech Europe Ltd	Cyprus	100.0%	100.0%
Novatti Emersion Inc.	United States of America	100.0%	100.0%
ATX Fintech Holding Sdn Bhd	Malaysia	100.0%	100.0%
Novatti Global Services Pty Ltd	Australia	100.0%	100.0%
Emavilis Holdings Limited	Cyprus	100.0%	100.0%
Nisaki Holding Limited	Cyprus	100.0%	100.0%
China Payments Services Pty Ltd	Australia	100.0%	100.0%
Novatti Singapore Services Pte Ltd	Singapore	-	100.0%
AUDC Pty Ltd	Australia	70.2%	78.4%
Novatti Transactions and Technology International Ltd	Cyprus	65.0%	65.0%
Flexewallet Pty Ltd	Australia	100.0%	100.0%
Flexewallet (NZ) Ltd	New Zealand	100.0%	100.0%
Novatti (Malaysia) Sdn Bhd	Malaysia	100.0%	100.0%

**Note 29. Events after the reporting period**

On 14 August 2025, Novatti's majority owned subsidiary AUDC Pty Ltd, successfully closed a seed equity capital raise for \$1.2m in new investment. AUDC has now raised over A\$2 million in equity at increasing valuations. Following this round, Novatti retains a 20 million shareholding in AUDC, representing a 57% interest in AUDC, valued at A\$7 million based on the seed round pricing (A\$0.35 per share). Moving forward, Novatti continues to retain exposure to AUDC's upside potential, at a time where there is broader, global momentum in digital finance and stablecoins. At the same time, Novatti has no obligation to contribute additional capital to AUDD, enabling the group to focus on the continued execution of our pivot back to growth and broader turnaround strategy.

On 3 September 2025, the company announced that it has sold its wholly-owned subsidiary, Emersion Systems Pty Ltd (Emersion Systems), the operator of its Emersion business, to a wholly-owned subsidiary of CGP Equity for a cash consideration of \$500,000. The agreement provides for adjustments for staff retention bonuses and the retention of a net cash balance in the business of at least \$175,000 for working capital purposes. Post-completion obligations include the novation of US customer contracts (as the US based subsidiary did not form part of the sale and will be wound up in due course). The agreement otherwise contains provisions customary for a transaction of this nature, including for warranties, representations and indemnities; confidentiality; and non-competition/solicitation.

On 12 September 2025, another director not related to the Company was appointed a director of AUDC Pty Ltd (AUDC). With the change in Board composition, the Group no longer maintains effective control of AUDC and as such, the fair value of this entity is recognised in the statement of financial position under equity method. The pro-forma effect of this change on the statement of financial position is shown in the below table:

	2025		2025
	Reported \$'000	Deconsolidation of AUDC \$'000	Recognition of investment in AUDC \$'000
			Pro-forma \$'000
Current assets	68,509	(1,367)	-
Non-current assets	10,595	-	7,000
<b>Total assets</b>	<b>79,104</b>	<b>(1,367)</b>	<b>7,000</b>
Current liabilities	79,915	(1,132)	-
Non-current liabilities	68	-	-
<b>Total liabilities</b>	<b>79,983</b>	<b>(1,132)</b>	<b>-</b>
<b>Net (liabilities)/assets</b>	<b>(879)</b>	<b>(235)</b>	<b>7,000</b>
<b>Total equity</b>	<b>(879)</b>	<b>(235)</b>	<b>7,000</b>

No other 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.

**Note 30. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated 2025 \$'000</b>	<b>2024 \$'000</b>
Loss after income tax expense for the year	(6,643)	(20,603)
Adjustments for:		
Depreciation and amortisation	1,393	2,113
Share-based payments	1,822	1,057
Modification of lease	(92)	(260)
Unrealised foreign exchange (gain)/loss	(133)	956
(Gain) on convertible notes	(564)	(823)
Movement of allowance for expected credit losses	310	26
Non-cash finance charges	679	271
Gain on investments at fair value through profit or loss	-	2,639
Gain on extinguishment of liabilities	(2,001)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	88	(354)
Decrease in prepayments	24	606
Increase/(decrease) in trade and other payables	(6,746)	2,218
Increase/(decrease) in employee benefits	118	(1,457)
(Decrease)/increase in contract liabilities	438	186
Net cash used in operating activities	<u>(11,307)</u>	<u>(13,425)</u>

**Note 31. Loss per share**

	<b>Consolidated 2025 \$'000</b>	<b>2024 \$'000</b>
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax	(8,796)	(16,148)
Non-controlling interest	459	-
Loss after income tax attributable to the owners of Novatti Group Limited	<u>(8,337)</u>	<u>(16,148)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	468,793,654	344,101,532
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>468,793,654</u>	<u>344,101,532</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(1.778)	(4.693)
Diluted loss per share	(1.778)	(4.693)

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

**Note 31. Loss per share (continued)**

	<b>Consolidated 2025 \$'000</b>	<b>2024 \$'000</b>
<i>Earnings per share for profit/(loss) from discontinued operations</i>		
Profit/(loss) after income tax	2,153	(4,455)
Non-controlling interest	74	-
	<u>2,227</u>	<u>(4,455)</u>
Profit/(loss) after income tax attributable to the owners of Novatti Group Limited		
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	468,793,654	344,101,532
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	257,252,911	-
	<u>726,046,565</u>	<u>344,101,532</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share		
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.475	(1.295)
Diluted earnings per share	0.307	(1.295)
	<b>Consolidated 2025 \$'000</b>	<b>2024 \$'000</b>
<i>Earnings per share for loss</i>		
Loss after income tax	(6,643)	(20,603)
Non-controlling interest	533	442
	<u>(6,110)</u>	<u>(20,161)</u>
Loss after income tax attributable to the owners of Novatti Group Limited		
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic loss per share	468,793,654	344,101,532
Weighted average number of ordinary shares used in calculating diluted loss per share	468,793,654	344,101,532
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(1.303)	(5.859)
Diluted loss per share	(1.303)	(5.859)

As at 30 June 2025, the Group has 153,163,765 unlisted options on issue (30 June 2024: 55,927,693) and 293 572,390 listed options (30 June 2024: 36,020,861). These options are considered to be non-dilutive whilst the Group is in a loss position.

**Note 32. 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.

**Note 32. Share-based payments (continued)**

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

The options granted during the year ended 30 June 2025 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.

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	1/03/2025	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)	-
5/04/2022	19/04/2025	Service	\$0.35	2,325,000	-	-	(2,325,000)	-
6/07/2022	6/07/2025	Service	\$0.25	833,333	-	-	-	833,333
6/07/2022	6/07/2025	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	-	-	(3,750,000)	3,000,000
13/06/2023	30/06/2027	Service	\$0.00	5,568,182	-	-	(5,250,000)	318,182
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	(1,394,877)	-	7,742,055
31/01/2025	31/01/2028	Market / Service	\$0.00	-	9,705,285	(2,326,228)	-	7,379,057
25/02/2025	30/06/2028	Market / Service	\$0.04	-	20,710,928	-	-	20,710,928
25/02/2025	30/06/2028	Market / Service	\$0.04	-	20,710,928	-	-	20,710,928
25/02/2025	30/06/2028	Market / Service	\$0.04	-	20,710,928	-	-	20,710,928
25/02/2025	30/06/2028	Service	\$0.00	-	3,009,130	-	-	3,009,130
7/03/2025	30/06/2028	Service	\$0.00	-	2,109,511	-	-	2,109,511
7/03/2025	30/06/2028	Market / Service	\$0.04	-	5,992,949	-	-	5,992,949
14/03/2025	30/06/2028	Market / Service	\$0.04	-	17,462,499	-	-	17,462,499
14/03/2025	30/06/2028	Service	\$0.00	-	7,405,814	-	-	7,405,814
				<u>55,927,693</u>	<u>116,954,904</u>	<u>(3,721,105)</u>	<u>(15,997,727)</u>	<u>153,163,765</u>
Weighted average exercise price				\$0.201	\$0.029	\$0.000	\$0.205	\$0.074

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.55 years (2024: 2.23 years).

**Note 32. Share-based payments (continued)**

These options have different tranches with different vesting periods.

**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.

On the 1 April 2025, the Company issued 14,465,950 listed options with an exercise price of \$0.04 (4 cents) per option expiring on the 31 December 2027 as consideration for the provision of corporate advisory services during the 2024 calendar year.

These options were valued using Black-Scholes valuation model.

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

30 June 2025 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
18/07/2024	31/01/2027	\$0.10	-	2,750,000	-	-	2,750,000
06/12/2024	31/12/2027	\$0.06	-	55,240,020	-	-	55,240,020
01/04/2025	31/12/2027	\$0.04	-	14,465,950	-	-	14,465,950
			-	72,455,970	-	-	72,455,970
Weighted average exercise price			\$0.000	\$0.060	\$0.000	\$0.000	\$0.060

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.47 years.

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

Grant date	Expiry date	Share price at grant date \$	Exercise price \$	Barrier price \$	Expected volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date \$
18/07/2024	31/01/2027	\$0.054	\$0.095	N/A	80%	nil	3.98%	\$0.018
6/12/2024	31/12/2027	\$0.033	\$0.064	N/A	85%	nil	3.91%	\$0.012
16/12/2024	30/06/2028	\$0.033	\$0.000	N/A	N/A	N/A	N/A	\$0.033
11/02/2025	31/01/2028	\$0.033	\$0.000	N/A	N/A	N/A	N/A	\$0.033
25/02/2025	30/06/2028	\$0.033	\$0.040	\$0.08	85%	nil	3.82%	\$0.015
25/02/2025	30/06/2028	\$0.033	\$0.040	\$0.12	85%	nil	3.82%	\$0.012
25/02/2025	30/06/2028	\$0.033	\$0.040	\$0.16	85%	nil	3.82%	\$0.010
07/03/2025	30/06/2028	\$0.030	\$0.040	\$0.08	85%	nil	3.82%	\$0.012
07/03/2025	30/06/2028	\$0.030	\$0.040	\$0.12	85%	nil	3.82%	\$0.010
07/03/2025	30/06/2028	\$0.030	\$0.040	\$0.16	85%	nil	3.82%	\$0.008
07/03/2025	30/06/2028	\$0.030	\$0.000	N/A	N/A	N/A	N/A	\$0.023
1/04/2025	31/12/2027	\$0.026	\$0.064	\$0.00	85%	nil	3.32%	\$0.085

**Note 32. Share-based payments (continued)**

**Options issued not under accounted for under AASB 2**

On 26 November 2024, the Company issued 7,110,404 free attached options with exercise price of \$0.064 (6.4 cents) and expiring on 31 December 2027 as part of the Entitlement Offer.

On 27 November 2024, the Company issued 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 free attached options to Mr Peter Pawlowitsch and Mr Peter Cook as part of the Entitlement Offer.

On 9 December 2024, the Company issued 100,612,567 Options with exercise price of \$0.064 (6.4 cents) and expiring on 31 December 2027 to recipients of shares under the Placement.

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, upon conversion of 370,000 convertible notes.

For personal use only



**Novatti Group Limited**  
**Consolidated entity disclosure statement**  
**As at 30 June 2025**

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Novatti Group Limited	Body Corporate	Australia	-	Australia
Novatti Pty Ltd	Body Corporate	Australia	100.00%	Australia
Flexe Payments Pty Ltd	Body Corporate	South Africa	100.00%	South Africa
Flexe Payments (AUS) Pty Ltd	Body Corporate	Australia	100.00%	Australia
Flexe Payments (MLT) Ltd	Body Corporate	Malta	100.00%	Malta
Flexe Payments (UK) Ltd	Body Corporate	United Kingdom	100.00%	United Kingdom
Novatti Commerce Solutions Inc.	Body Corporate	Canada	100.00%	Canada
Novatti Commerce Solutions (MLT) Ltd	Body Corporate	Malta	100.00%	Malta
Novatti Technologies Ltd	Body Corporate	United Kingdom	100.00%	United Kingdom
Novatti Inc.	Body Corporate	United States of America	100.00%	United States of America
Vasco Pay Pty Ltd	Body Corporate	Australia	100.00%	Australia
Intella Payments Pty Ltd	Body Corporate	Australia	49.00%	Australia
Novatti Acquiring Holdings Pty Ltd	Body Corporate	Australia	100.00%	Australia
Novatti Acquiring Services (AUS) Pty Ltd	Body Corporate	Australia	100.00%	Australia
Novatti Acquiring Services (NZ) Pty Ltd	Body Corporate	New Zealand	100.00%	New Zealand
Novatti Tech Europe Ltd	Body Corporate	Cyprus	100.00%	Cyprus
Novatti Emersion Inc.	Body Corporate	United States of America	100.00%	United States of America
ATX Fintech Holding Sdn Bhd	Body Corporate	Malaysia	100.00%	Malaysia
Novatti Global Services Pty Ltd	Body Corporate	Australia	100.00%	Australia
Emavilis Holdings Limited	Body Corporate	Cyprus	100.00%	Cyprus
Nisaki Holding Limited	Body Corporate	Cyprus	100.00%	Cyprus
China Payments Services Pty Ltd	Body Corporate	Australia	100.00%	Australia
AUDC Pty Ltd	Body Corporate	Australia	70.20%	Australia
Novatti Transactions and Technology International Ltd	Body Corporate	Cyprus	65.00%	Cyprus
Flexewallet Pty Ltd	Body Corporate	Australia	100.00%	Australia
Flexewallet (NZ) Ltd	Body Corporate	New Zealand	100.00%	New Zealand
Novatti (Malaysia) Sdn Bhd	Body Corporate	Malaysia	100.00%	Malaysia

**Novatti Group Limited**  
**Consolidated entity disclosure statement**  
**As at 30 June 2025**

**Basis of preparation**

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001, reflecting the amendments to section 295(3A)(vi) and (vii) which clarify the definition of foreign resident as being an entity that is treated as a resident of a foreign country under the tax laws of that foreign country. These amendments apply for financial years beginning on or after 1 July 2024. The CEDS includes certain information for each entity that was part of the consolidated entity at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

**Determination of tax residency**

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

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

**Australian tax residency**

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

**Foreign tax residency**

Where necessary, the Consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

**Partnerships and Trusts**

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

**Novatti Group Limited**  
**Directors' declaration**  
**30 June 2025**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

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

On behalf of the directors



---

Peter Pawlowitsch  
Chairman

26 September 2025

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

### Report on the audit of the financial report



#### Our opinion on the financial report

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

- giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What was audited?

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

- the consolidated statement of financial position as at 30 June 2025,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

#### Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$6,643,000 and net cash outflows from operating activities of \$11,307,000 during the year ended 30 June 2025 and, as of that date, the Group’s current liabilities exceeded its current assets by \$11,406,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

Revenue recognition	Area of focus (refer also to notes 2, 3 & 5)	How our audit addressed the key audit matter
	<p>Consistent with the prior year the Group continues to enter into agreements with new trading partners for generating new sources of revenue within the following operating segments:</p> <ul style="list-style-type: none"><li>— Payments AU/NZ</li><li>— Payments international (including ATX)</li><li>— Technology solutions</li><li>— Investments</li></ul> <p>Each revenue stream requires a bespoke revenue recognition model to ensure that revenue is only recognised:</p> <ul style="list-style-type: none"><li>a) when a performance milestone is achieved;</li><li>b) can be reliably measured; and</li><li>c) there is a low likelihood for dispute by the customer for revenues that are recognised which are beyond that originally scoped at the inception of the engagement.<p>This matter was considered a Key Audit Matter due to the complexity of revenue arrangements, the treatment of discontinued operations by the Group</p></li></ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"><li>— Determining whether revenue recognised is in-compliance with the Group’s accounting policies and <i>AASB 15 Revenue from Contracts with Customers</i>;</li><li>— Analysing managements determination of operating segments was in accordance with <i>AASB 8 – Operating Segments</i>, including the impact of discontinued operations during the year;</li><li>— Identifying and verifying the achievement of performance milestones and recognition of revenue relative to the accretion of that achievement;</li><li>— Agreeing revenue streams to a sample of underlying contracts with third parties;</li><li>— Examining the existence of revenue, both by testing to contract, invoicing and to subsequent receipt of the revenue from the customer; and</li></ul>

	<p>during the year and judgement involved when estimating the progress towards milestones.</p>	<ul style="list-style-type: none"> <li>Analytically reviewing the reasonableness of accrued revenue and billings-in-advance accounts.</li> </ul> <p>We also assessed the appropriateness of disclosures attached to revenues, particularly those mandatorily required by the Australian Accounting Standard, <i>AASB 15 Revenue from Contracts with Customers</i>.</p>
<b>Share based payments</b>	<p><b>Area of focus</b> (refer also to notes 2, 3, 21 &amp; 32)</p> <p>The Group currently has options issued to employees, key management personnel and other contracting parties through share-based payment arrangements in accordance with <i>AASB 2 Share-based Payment</i>.</p> <p>These options include both market and non-market vesting criteria, including:</p> <ul style="list-style-type: none"> <li>Service (employment) conditions;</li> <li>Market-based performance conditions; and</li> <li>Other non-market performance conditions.</li> </ul> <p>The valuation of such options requires significant judgement and expertise, particularly in determining the likelihood of achieving the market-based conditions and satisfying all non-market conditions.</p> <p>The Group engages independent specialists to appraise the fair value of its share-based payment arrangements that involve market-based conditions and assessment of satisfying non-market conditions.</p> <p>This matter was considered a Key Audit Matter due to the complexity of arrangements and judgement applied in valuing the share-based payments.</p>	<p><b>How our audit addressed the key audit matter</b></p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Agreeing the material terms and conditions of any new share-based payment arrangement to plan documentation;</li> <li>Examining the share-based payment arrangements to determine the appropriateness of identifying each share-based payment arrangement, including assessment of the grant date;</li> <li>Examining the appropriateness of the amortisation model for accreting share-based payment expense to the profit or loss over the vesting period;</li> <li>Assessing support for likely outcome of vesting conditions used to value share-based payments;</li> <li>Assessing support for satisfaction of achieving non-market conditions which are not market conditions; and</li> <li>Assessed the competence and qualification of management's specialist.</li> </ul> <p>We also assessed the adequacy of disclosures in relation to the share options in the Remuneration Report and notes to the financial report.</p>

## Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon.

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

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

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

## Responsibilities of the directors for the financial report

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

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

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

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

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

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

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

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

[https://www.auasb.gov.au/media/bwvjcgre/ar1\\_2024.pdf](https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report



### Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Novatti Group Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

### What was audited?

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2025.

### Responsibilities

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

*William Buck*

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

*Alan Finniss*

**A. A. Finniss**

Director

Melbourne, 26 September 2025

For personal use only



**Novatti Group Limited**  
**Shareholder information**  
**30 June 2025**

The shareholder information set out below was applicable as at 10 September 2025.

	Number of holders of ordinary shares	Number of ordinary shares	% of ordinary shares
Ordinary shares			
1 to 1,000	184	96,877	0.02
1,001 to 5,000	902	2,561,208	0.46
5,001 to 10,000	460	3,722,797	0.66
10,001 to 100,000	1,179	44,648,794	7.97
100,001 and over	522	509,287,606	90.89
	<u>3,247</u>	<u>560,317,282</u>	<u>100.00</u>
Holding less than a marketable parcel	582	781,961	0.14
	Number of holders of unquoted options	Number of unquoted options	% unquoted options
Unquoted options			
10,001 to 100,000	2	102,215	0.08
100,001 and over	19	135,164,914	99.92
	<u>21</u>	<u>135,267,129</u>	<u>100.00</u>
	Number of holders of convertible notes	Number of convertible notes	% of convertible notes
Convertible notes			
5,001 to 10,000	1	9,191	0.30
10,001 to 100,000	11	670,809	21.51
100,001 and over	8	2,438,000	78.19
	<u>20</u>	<u>3,118,000</u>	<u>100.00</u>
	Number of holders of quoted options	Number of quoted options	% of quoted options
Quoted options			
1 to 1,000	11	5,885	-
1,001 to 5,000	10	33,793	0.02
5,001 to 10,000	9	67,731	0.02
10,001 to 100,000	103	4,315,999	1.47
100,001 and over	166	289,148,982	98.49
	<u>299</u>	<u>293,572,390</u>	<u>100.00</u>

## Equity security holders

### *Twenty largest quoted equity security holders*

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

		10 September 2025 Number of Ordinary Shares Held	%
1	BRAYTER LIMITED	69,729,074	12.44%
2	CORANGAMITE PTY LTD (LAKE CORANGAMITE A/C)	26,555,291	4.74%
3	XIADI CHEN	22,907,452	4.09%
4	VAULT (WA) PTY LTD (VAULT A/C)	18,642,752	3.33%
5	CITICORP NOMINEES PTY LIMITED	15,192,885	2.71%
6	ZELTNER PTY LTD (JL & MV WINTER FAMILY A/C)	11,317,888	2.02%
7	MS KYLIE LYNETTE NUSKE & MR MATTHEW JAMES COOK (VISION SPLENDID SUPER A/C)	10,000,167	1.78%
8	HOBBLETON INVESTMENTS PTY LTD (THE STAPLETON FAMILY A/C)	9,035,909	1.61%
9	MS MARA LABBROZZI	6,950,000	1.24%
10	KONGS WEALTH MANAGEMENT PTY LTD (KONGS EQUITY A/C)	6,300,000	1.12%
11	MARK HEALY	5,812,220	1.04%
12	FLINDERS MEDICAL CENTRE FOUNDATION	5,550,577	0.99%
13	SEALEX PTY LTD (THE SEAL A/C)	5,273,866	0.94%
14	MR ANDREW JONATHAN HEENEY	5,000,000	0.89%
15	JCR INVESTMENTS CO P/L (ADRIAN VENUTI FAMILY 3 A/C)	4,860,009	0.87%
16	SEAFIELD SUPERANNUATION PTY LTD (GRAYS SUPERANNUATION FND A/C)	4,700,000	0.84%
17	MR PEI LI	4,600,000	0.82%
18	MR FREEMAN XIN WANG (AFU FAMILY A/C)	4,111,904	0.73%
19	SNOWBALL ASSET MANAGEMENT PTY LTD (SNOWBALL UNIT A/C)	4,008,743	0.72%
20	MR MICHAEL CORNIPS & MRS JUDI CORNIPS & MR KARO CORNIPS (SPINROC SUPERANNUATION A/C)	4,000,000	0.71%
	<b>Total</b>	<b>244,548,737</b>	<b>43.63%</b>
	<b>Total issued capital</b>	<b>560,317,282</b>	<b>100.00%</b>

### *Unquoted equity securities*

There are no unquoted equity securities.

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

### **Substantial holders**

There are no substantial holders in the Company.

### **Voting rights**

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

#### *Ordinary shares*

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

There are no other classes of equity securities.

### **Securities subject to voluntary escrow**

There are no securities subject to voluntary escrow.

**Use of funds**

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

For personal use only