Novatti Group Limited

1. Company details

Name of entity	:	Novatti Group Limited
ACN	:	606 556 183
Reporting period	:	For the year ended 30 June 2026
Previous period	:	For the year ended 30 June 2025

2. Results for announcement to the market

				$'000
Revenue from continuing operations	down	40.7%	to	29,938
Loss for the year attributable to the owners of Novatti Group Limited	up	97.8%	to	(134)

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

Comments
Loss for the Consolidated Entity after providing for income tax amounted to $235,000 for the year ended 30 June 2026 (30 June 2025: loss of $8,796,000). Profit from discontinued operations for the Consolidated Entity after providing for income tax amounted to $7,000 (30 June 2025: $2,153,000). Following the loss of control over AUDC on 12 September 2025, the Group deconsolidated its 57% investment in AUDC from the Consolidated Entity and recognised the investment in the statement of financial position under the equity method at a fair value of $7,000,000. As at 30 June 2026, the Group's interest in AUDC diluted to a 47% interest following the issue of shares by AUDC to external investors.

The Group's revenue decreased by 40.7% to $29,938,000 for the year ended 30 June 2026 (30 June 2025: $50,482,000). Underlying EBITDA[1] improved by 61.8% with a reduced loss of $2,696,000 compared to a corrected loss of $7,061,000 in the prior year. The Group's net asset position as at 30 June 2026 was $746,000 (30 June 2025: net deficiency of $879,000). Cash and cash equivalents, excluding assets held for disposal, were $3,137,000 at 30 June 2026 (30 June 2025: $2,376,000).

	30 June 2026 $'000	**30 June 2025 Corrected** $'000	**30 June 2025 Previously reported** $'000	**Change against corrected** $'000
Net loss from operations	(228)	(6,643)	(6,643)	6,415
Less: Interest income	(758)	(1,060)	(1,060)	302
Add:				
Depreciation and amortisation	1,477	1,393	1,393	84
Finance charges	1,520	1,850	1,850	(330)
Indirect tax expenses	3	5	5	(2)
EBITDA	2,014	(4,455)	(4,455)	6,469
Add back/(less):				
Vesting of share-based payments	2,071	1,822	1,822	249
Share of loss of associate	1,530	-	-	1,530
Fair value movement of embedded derivatives of convertible notes	(337)	(564)	(564)	227
Termination payments	-	290	290	(290)
Loss/(gain) on extinguishment of assets/liabilities	-	(2,001)	2,001	2,001
Gain on loss of control over subsidiary	(7,967)	-	-	(7,967)
Gain from discontinued operations	(7)	(2,153)	(2,153)	2,146
Underlying EBITDA [1]	(2,696)	(7,061)	(3,059)	4,365

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.56)	(1.10)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

On 12 September 2025, an independent director was appointed to the board of AUDC Pty Ltd (“AUDC”). As a result of the change in board composition, the Group no longer had the power to direct the relevant activities of AUDC and therefore ceased to control the entity. AUDC was deconsolidated from that date and the Group's retained interest was measured at fair value and recognised as an investment in associate.

During the year ended 30 June 2026, the Group disposed of Emersion Systems Pty Ltd (“Emersion”), a wholly owned subsidiary operating within the Technology Solutions segment. Accordingly, the results of Emersion up to the date of disposal are presented as a discontinued operation.

6. Dividends

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

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

On 12 September 2025, the Group loss the power to direct the relevant activities of AUDC and therefore ceased to control the entity. AUDC was deconsolidated from that date and the Group’s retained interest was measured at fair value and recognised as an investment in associate.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:
All foreign entities are in compliance with IFRS which is equivalent to Australian Accounting Standards.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):
The Company's audit is currently ongoing. Consistent with the Preliminary Final Report for the year ended 30 June 2025, the Company expects the audit report will include an emphasis of matter paragraph highlighting a material uncertainty regarding the Company's ability to continue as going concern and the need to strengthen its balance sheet, which may involve future capital raising, access to debt facilities, growth in sales and remain focused on cost management and/or the sale of non-core assets.

11. Attachments

Details of attachments (if any):

The Preliminary Final Report of Novatti Group Limited for the year ended 30 June 2026 is attached.

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12. Signed

Date: 31 August 2026

Signed ___________________________

Peter Pawlowitsch
Chairman

Novatti Group Limited

ACN 606 556 183

Preliminary Final Report

30 June 2026

Contents

Novatti Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	Consolidated **30 June 2026** $'000	 **30 June 2025** $'000
Revenue from continuing operations	2	29,938	50,482
Other income	3	1,025	3,689
Gain on loss of control over subsidiary	5(b)	7,967	-
Expenses			
Administrative and corporate costs		(3,297)	(4,834)
Client hosting fees and other direct services		(14,373)	(36,782)
Employee benefits		(10,201)	(12,416)
Foreign currency translation (losses)/gains		(964)	133
Marketing and selling expenses		(98)	(130)
Data management expenses and scheme fees		(3,968)	(4,432)
Share of loss of associates		(1,530)	-
Vesting charge for share-based payments		(2,071)	(1,822)
Gain on fair value adjustment of embedded derivative	13	337	564
Depreciation and amortisation expense		(1,477)	(1,393)
Finance costs		(1,520)	(1,850)
Loss before income tax expense from continuing operations		(232)	(8,791)
Income tax expense		(3)	(5)
Loss after income tax expense from continuing operations		(235)	(8,796)
Profit after income tax expense from discontinued operations	4(d)	7	2,153
Loss after income tax expense for the year		(228)	(6,643)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(767)	399
Other comprehensive (loss)/income for the year, net of tax		(767)	399
Total comprehensive loss for the year		(995)	(6,244)
Loss for the year is attributable to:			
Non-controlling interest		(94)	(533)
Owners of Novatti Group Limited		(134)	(6,110)
		(228)	(6,643)
Total comprehensive loss for the year is attributable to:			
Continuing operations		(94)	(459)
Discontinued operations		-	(74)
Non-controlling interest		(94)	(533)
Continuing operations		(908)	(7,938)
Discontinued operations		7	2,227
Owners of Novatti Group Limited		(901)	(5,711)
Total comprehensive loss for the year		(995)	(6,244)

Novatti Group Limited
Consolidated statement of profit or loss and other comprehensive income (cont'd)
For the year ended 30 June 2026

	Consolidated	
	30 June 2026	**30 June 2025**
	Cents	Cents
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to the owners of Novatti Group Limited		
Basic earnings/(loss) per share	(0.040)	(1.778)
Diluted earnings/(loss) per share	(0.040)	(1.778)
Earnings per share for profit from discontinued operations attributable to the owners of Novatti Group Limited		
Basic earnings per share	0.001	0.475
Diluted earnings per share	0.001	0.307
Earnings per share for profit/(loss) attributable to the owners of Novatti Group Limited		
Basic earnings/(loss) per share	(0.040)	(1.303)
Diluted earnings/(loss) per share	(0.040)	(1.303)

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

Consolidated statement of financial position

As at 30 June 2026

	Note	Consolidated 30 June 2026 $'000	Consolidated 30 June 2025 $'000
Assets			
Current assets			
Cash and cash equivalents	7	3,137	2,376
Trade and other receivables		9,482	8,254
Financial assets - funds in trust	8	65,661	56,790
Other current assets		429	502
		78,709	67,922
Assets of disposal groups classified as held for sale	9	-	587
Total current assets		78,709	68,509
Non-current assets			
Other investments at fair value through profit and loss		166	166
Investment in associates	6	5,470	-
Plant and equipment		152	216
Right-of-use assets		268	455
Intangible assets		4,257	5,146
Security deposits	16	4,209	4,612
Total non-current assets		14,522	10,595
Total assets		93,231	79,104
Liabilities			
Current liabilities			
Trade and other payables	10	18,566	16,133
Settlement, remittance and visa funds payable	11	65,639	56,560
Borrowings	12	1,727	220
Convertible note facilities	13	2,571	2,042
Lease liabilities		220	530
Contract liabilities		516	910
Employee benefits		3,118	3,098
		92,357	79,493
Liabilities directly associated with assets classified as held for sale	14	-	422
Total current liabilities		92,357	79,915
Non-current liabilities			
Lease liabilities		60	10
Employee benefits		68	58
Total non-current liabilities		128	68
Total liabilities		92,485	79,983
Net assets/(liabilities)		746	(879)

Novatti Group Limited
Consolidated statement of financial position (cont'd)
As at 30 June 2026

		Consolidated	
		30 June 2026	**30 June 2025**
	Note	$'000	$'000
Equity			
Issued capital	15	100,270	97,993
Reserves		6,618	7,840
Accumulated losses		(106,142)	(107,537)
Equity/(deficiency) attributable to the owners of Novatti Group Limited		746	(1,704)
Non-controlling interest		-	825
Total equity/(deficiency)		746	(879)

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 2026

Consolidated	Issued capital $'000	Equity settled share-based payments reserve $'000	Foreign currency translation reserve $'000	Convertible notes reserve $'000	Accumulated losses $'000	**Total equity attributable to owners of the Company** $'000	Non-controlling interest $'000	**Total equity/ (deficiency)** $'000
Balance at 1 July 2025	97,993	6,192	967	681	(107,537)	(1,704)	825	(879)
Loss after income tax expense for the year	-	-	-	-	(134)	(134)	(94)	(228)
Other comprehensive loss for the year, net of tax	-	-	(767)	-	-	(767)	-	(767)
Total comprehensive loss for the year	-	-	(767)	-	(134)	(901)	(94)	(995)
Transactions with owners in their capacity as owners:								
Shares issued under placement, net of transaction costs	950	-	-	-	-	950	-	950
Shares issued for professional services	245	-	-	-	-	245	-	245
Shares issued on exercise of share-based payments options	1,082	(730)	-	-	-	352	-	352
Lapsed and expired share options	-	(1,529)	-	-	1,529	-	-	-
Vesting of share-based payments arrangements	-	2,014	-	-	-	2,014	-	2,014
Contribution to non-controlling interest by external investor	-	-	-	-	-	-	1,001	1,001
Derecognition of AUDC share-based payments reserve	-	(210)	-	-	-	(210)	-	(210)
Derecognition of non-controlling interest	-	-	-	-	-	-	(1,732)	(1,732)
Balance at 30 June 2026	100,270	5,737	200	681	(106,142)	746	-	746

Novatti Group Limited

Consolidated statement of changes in equity (cont'd)

For the year ended 30 June 2026

Consolidated	Note	Issued capital $'000	Equity settled share-based payments reserve $'000	Foreign currency translation reserve $'000	Convertible notes reserve $'000	Accumulated losses $'000	**Total equity attributable to owners of the Company** $'000	Non-controlling interest $'000	**Total equity/ (deficiency)** $'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 loss for the year		-	-	399	-	(6,110)	(5,711)	(533)	(6,244)
Transactions with owners in their capacity as owners:									
Shares issued under placement, net of transaction costs		3,043	688	-	-	-	3,731	-	3,731
Shares issued 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 payment arrangements		-	1,822	-	-	-	1,822	-	1,822
Lapsed and expired share options		-	(918)	-	-	918	-	-	-
Shares issued by 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 2026

	Note	Consolidated 30 June 2026 $'000	Consolidated 30 June 2025 $'000
Cash flows from operating activities			
Receipts from customers		109,976	116,449
Payments to suppliers and employees		(112,820)	(129,134)
Interest received		871	1,152
Receipt of government grants		154	536
Interest and other finance costs paid		(400)	(305)
Income taxes paid		(3)	(5)
Net cash used in operating activities		(2,222)	(11,307)
Cash flows from investing activities			
Payments for plant and equipment		(3)	(13)
Payments for intangible assets		(287)	(127)
Cash reduction from disposal of subsidiaries		(233)	(4,877)
Proceeds from disposal of subsidiaries		500	2,869
Cash reduction from deconsolidation of subsidiary		(658)	-
Net cash used in investing activities		(681)	(2,148)
Cash flows from financing activities			
Proceeds from issue of shares	15	1,000	7,082
Share issue transaction costs		(68)	(579)
Proceeds from the issue of shares into IBOA		-	1,103
Proceeds from issue of shares of AUDC		927	584
Proceeds from borrowings		1,550	220
Repayment of borrowings		-	(880)
Proceeds from exercise of options	15	370	-
Repayment of lease liabilities		(337)	(303)
Net cash from financing activities		3,442	7,227
Net increase/(decrease) in cash and cash equivalents		539	(6,228)
Cash and cash equivalents at the beginning of the financial year [a]		2,543	9,469
Effects of exchange rate changes on cash and cash equivalents		55	(698)
Cash and cash equivalents at the end of the financial year	7	3,137	2,543

[a] For the previous year, cash and cash equivalents at the beginning of the year reconcile to the cash and cash equivalents reported in the statement of financial position at 30 June 2025, adjusted for amounts classified as held for sale relating to Emersion (refer to Note 7).

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

Note 1. General information

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

This Preliminary Final Report has been prepared in accordance with ASX Listing Rules as they relate to the Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. As such, this preliminary final report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2025 and any ASX announcements made by the Company during the financial year.

Note 2. Revenue

	Payments AU/NZ	Payments International	Other	**Consolidated**
	$'000	$'000	$'000	$'000
30 June 2026				
Revenue from ordinary activities	14,651	11,432	3,855	29,938
30 June 2025				
Revenue from ordinary activities	11,784	33,975	4,723	50,482

During the year, the Group reassessed its operating and reportable segments following the disposal of Emersion, which was previously reported within the Technology Solutions segment, and the loss of control of AUDC, previously reported within the Investments segment. As a result of these changes, the relative size and nature of the remaining activities within Technology Solutions and Investments are such that the Group considers it appropriate to present these activities as a single reportable segment within Other. This change better reflects the way management makes operating decisions, assesses performance and allocates resources.

Comparative segment information has been re-presented to reflect the revised segment structure.

Note 3. Other income

	Consolidated	
	30 June 2026	**30 June 2025**
	$'000	$'000
Government grants	154	536
Gain on modification of lease	113	92
Interest	758	1,060
Gain on extinguishment of liability	-	2,001
Other income	1,025	3,689

Note 4. Discontinued operations

On 3 September 2025, the Group disposed of its wholly owned subsidiary Emersion Systems Pty Ltd ("Emersion"), operating within the technology solutions segment. Accordingly, the results of Emersion up to the date of disposal are presented as a discontinued operation.

In the prior year, the Group's operations of Emersion were classified as held for sale, and the Group's banking segment, comprising IBOA Group Holdings Pty Ltd and International Bank of Australia Pty Limited (together, "IBOA"), was disposed of and presented as a discontinued operation for the year ended 30 June 2025.

(a) Financial performance information for Emersion

	30 June 2026 $'000	30 June 2025 $'000
Revenue	302	2,087
Expenses		
Administrative and corporate costs	(19)	(235)
Employee benefits	(264)	(1,789)
Client hosting fees and other direct services	(37)	(342)
Data management expenses	(9)	(88)
Foreign currency translation gains/(losses)	(3)	20
Marketing and selling expenses	-	(19)
Depreciation and amortisation expense	-	(505)
Total expenses	(332)	(2,958)
Loss before income tax expense	(30)	(871)
Income tax expense	-	-
Loss after income tax expense	(30)	(871)

(b) Carrying amount of assets and liabilities disposed

	30 June 2026 $'000	30 June 2025 $'000
	Emersion	*IBOA*
Cash and cash equivalents	233	4,877
Trade and other receivables	262	115
Financial assets - Funds in trust	-	1
Intangible assets	43	-
Total assets	538	4,993
Trade and other payables	221	136
Employee benefits	241	140
Total liabilities	462	276
Net assets	76	4,717

Note 4. Discontinued operations (continued)

(c) Details of disposal

	30 June 2026 $'000	30 June 2025 $'000
	Emersion	*IBOA*
Total sales consideration	500	2,869
Carrying amount of net assets disposed	(76)	(4,717)
Derecognition of non-controlling interest	-	5,219
Costs associated with disposal	(387)	-
Gain on disposal before income tax	37	3,371
Income tax expense	-	-
Gain on disposal after income tax	37	3,371

(d) Reconciliation of loss after income tax expense from discontinued operations

	Consolidated	
	30 June 2026 $'000	**30 June 2025** $'000
Loss after income tax expense from discontinued operations (above)	(30)	(871)
Gain on disposal of Emersion	37	-
Gain on disposal of IBOA	-	3,371
IBOA loss after income tax	-	(347)
Profit after income tax expense from discontinued operations	7	2,153

Note 5. Loss of control over subsidiary

On 12 September 2025, an independent director was appointed to the board of AUDC Pty Ltd ("AUDC"). As a result of the change in board composition, the Group no longer had the power to direct the relevant activities of AUDC and therefore ceased to control the entity in accordance with AASB 10 'Consolidated Financial Statements'. AUDC was deconsolidated from that date and the Group's retained interest was measured at fair value and recognised as an investment in associate, and subsequently accounted for using the equity method in accordance with AASB 128 'Investments in Associates and Joint Ventures' (refer to note 6).

(a) Carrying amounts of assets and liabilities deconsolidated

	12 September 2025 $'000
Cash and cash equivalents	658
Trade and other receivables	821
Financial assets - Funds in trust	3,370
Other current assets	76
Total assets	4,882
Trade and other payables	544
Settlement, remittance and visa funds payable	3,367
Employee benefits	39
Total liabilities	3,907
Net assets	975

Note 5. Loss of control over subsidiary (continued)

(b) Gain recognised on loss of control over subsidiary

	12 September 2025 $'000
Fair value of interest in associate[1]	7,000
Carrying amount of net assets deconsolidated	(975)
Derecognition of share-based payments reserve	210
Derecognition of non-controlling interest	1,732
Gain on derecognition before income tax	7,967
Income tax expense	-
Gain recognised on loss of control of subsidiary, net of income tax	7,967

[1] **Fair value measurement of retained interest**
The retained interest was measured at fair value on the date control was lost, based on the price per share from a recent seed equity capital raise. On 14 August 2025, AUDC completed a seed round raising A$1.2 million, and the total equity raised by AUDC now exceeds A$2 million at increasing valuations. Based on the seed round pricing of A$0.35 per share, the Group's retained interest is valued at A$7 million, which is considered a level 3 in the fair value hierarchy (unobservable inputs) per AASB 13 'Fair Value Measurement', and forms the initial carrying amount of the investment (refer to note 6).

Note 6. Investment in associate

On 12 September 2025, the Group's 57% shareholding in AUDC was classified as an investment in associate in accordance with AASB 128 'Investments in Associates and Joint Ventures'.

The investment was initially recognised at fair value and subsequently accounted for using the equity method, whereby the carrying amount of the investment is adjusted for the Group's share of AUDC's post-deconsolidation profits or losses, dividends received, and any impairment indicators. This treatment reflects the Group's significant influence over AUDC despite no longer having control.

During the year ended 30 June 2026, the Group recognised a share of loss from its associate of $1,530,000. As at 30 June 2026, the Group held 47% of the shareholding in AUDC.

	30 June 2026 $'000
Carrying amount at 1 July 2025	-
Fair value of investment recognised during the year (refer to note 5(b))	7,000
Share of loss, net of income tax	(1,530)
Carrying amount at 30 June 2026	5,470

Note 7. Cash and cash equivalents

	Consolidated	
	30 June 2026 $'000	30 June 2025 $'000
Current assets		
Cash at bank	3,137	2,376
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	3,137	2,376
Cash and cash equivalents - classified as held for sale (see note 9)	-	167
Balance as per statement of cash flows	3,137	2,543

Note 8. Financial assets - funds in trust

	Consolidated	
	30 June 2026 $'000	30 June 2025 $'000
Current assets		
Settlement funds	5,450	13,477
Remittance funds	661	751
Client visa funds	59,550	42,562
	65,661	56,790

Financial assets - funds held in trust are held in trust until clearance of settlement, remittance and visa funds payable (see note 11).

Note 9. Assets of disposal groups classified as held for sale

In the previous year ended 30 June 2025, the Group committed to a plan to dispose of its wholly owned subsidiary, Emersion Systems Pty Ltd. As a result, the assets and liabilities of Emersion were classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The sale of Emersion was announced on 3 September 2025 (refer to note 4).

Assets and liabilities of any disposal groups classified as held for sale are presented separately in the statement of financial position.

	Consolidated	
	30 June 2026 $'000	30 June 2025 $'000
Current assets		
Cash and cash equivalents	-	167
Trade and other receivables	-	376
Prepayment	-	-
Intangible assets	-	44
	-	587

Note 10. Trade and other payables

	Consolidated	
	30 June 2026	30 June 2025
	$'000	$'000
Current liabilities		
Trade payables	8,815	6,826
Sundry creditors and accrued expenses	9,751	9,307
	18,566	16,133

Note 11. Settlement, remittance and visa funds payable

	Consolidated	
	30 June 2026	30 June 2025
	$'000	$'000
Current liabilities		
Settlement funds payable	5,428	13,247
Remittance funds payable	661	751
Client visa funds payable	59,550	42,562
	65,639	56,560

These are client funds held for settlement, remittance and visa (see note 8).

Note 12. Borrowings

	Consolidated	
	30 June 2026	30 June 2025
	$'000	$'000
Current liabilities		
Loans from related parties	770	220
Loan from unrelated party	957	-
	1,727	220

Loan from related party

As at 30 June 2026, four related parties have provided unsecured loans of $0.77 million at 12% interest per annum on the principal amount which accrues daily. These loans have a maturity date of 31 October 2026 (which can be amended by mutual agreement).

Loan from unrelated party

On 11 May 2026, the Company entered into an agreement with Morkim Pty Ltd for a $1.0 million debt facility which was fully drawn on 15 May 2026. The loan bears interest at 15% per annum accruing daily on the outstanding principal balance.

The agreement required the Company to issue 4.0 million shares, with a fair value of $80,000, to the lender as a debt establishment fee. This transaction cost was deducted from the loan principal at initial recognition and is amortised over the loan term using the effective interest method.

Note 12. Borrowings (continued)

Following 30 June 2026, the Company renegotiated a revised repayment date of the earlier of (a) 28 February 2027 and (b) five Business Days after the earlier of (i) the Company completing the sale of any ordinary shares in AUDC Pty Ltd on or after 1 August 2026 (which shall reduce the outstanding principal by the proceeds received on the sale) or (ii) the Company receiving at least $3.0 million in funds from an equity capital raising.

Note 13. Convertible note facilities

	Consolidated	
	30 June 2026	**30 June 2025**
	$'000	$'000
Current liabilities		
Loan payable - host debt liability at amortised cost	2,553	1,688
Embedded derivative - Convertible note facility	18	354
	2,571	2,042

Novatti Group Ltd, the parent entity, issued convertible notes with a $1.00 face value per note, a coupon rate 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.

The fair value of the embedded derivative is measured at the reporting date using significant unobservable inputs and is classified within the Level 3 fair value hierarchy.

Reconciliation of movement in convertible note facility

	Consolidated			
	30 June 2026		**30 June 2025**	
	No.	$'000	No.	$'000
Opening balance	3,118,000	2,042	3,488,000	2,146
Amortisations and accrued interest charged on convertible notes over the period	-	866	-	758
Fair value movement on embedded derivative	-	(337)	-	(564)
Conversion of convertible notes into shares during the year	-	-	(370,000)	(298)
Closing balance	3,118,000	2,571	3,118,000	2,042

Note 14. Liabilities directly associated with assets classified as held for sale

In the previous year ended 30 June 2025, the Group committed to a plan to dispose of its wholly owned subsidiary, Emersion Systems Pty Ltd. As a result, the assets and liabilities of Emersion were classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The sale of Emersion was announced on 3 September 2025 (refer to note 4).

	Consolidated	
	30 June 2026	**30 June 2025**
	$'000	$'000
Current liabilities		
Trade payables	-	189
Other payables	-	-
Employee benefits	-	233
	-	422

Note 15. Issued capital

	Consolidated			
	30 June 2026 Shares	30 June 2025 Shares	30 June 2026 $'000	30 June 2025 $'000
Ordinary shares - fully paid	623,144,455	544,567,108	100,270	97,993

Movements in ordinary share capital

Details	Date	Shares	Price	$'000
Balance	**1 July 2025**	**544,567,108**		**97,993**
Shares issued on exercise of options	4 July 2025	9,038,698	$0.0000	456
Shares issued on exercise of options	24 July 2025	6,392,579	$0.0000	216
Shares issued on exercise of options	4 September 2025	318,897	$0.0000	10
Shares issued for professional services	11 September 2025	1,978,793	$0.0227	45
Shares issued for professional services	7 October 2025	5,317,900	$0.0226	120
Share placement	14 November 2025	36,363,636	$0.0275	1,000
Shares issued on exercise of options	12 December 2025	1,326,498	$0.0000	39
Share issue costs		-		(68)
Shares issued on exercise of options	8 January 2026	344,915	$0.0000	8
Shares issued on exercise of options	17 March 2026	40,886	$0.0000	1
Shares issued on exercise of options	31 March 2026	13,454,545	$0.0275	370
Shares issued on exercise of options	12 May 2026	4,000,000	$0.0000	80
Balance	**30 June 2026**	**623,144,455**		**100,270**

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

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

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

Note 16. Contingent liabilities

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

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

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

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

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

Note 17. Events after the reporting period

On 30 July 2026, the Company negotiated a revised repayment date on the unrelated party loan agreement extending the repayment date for its $1.0 million debt facility (refer to Note 12). The revised terms call for repayment at the earlier of (a) 28 February 2027 and (b) five Business Days after the earlier of (i) the Company completing the sale of any ordinary shares in AUDC Pty Ltd on or after 1 August 2026 (which shall reduce the outstanding principal by the proceeds received on the sale) or (ii) the Company receiving at least $3.0 million in funds from an equity capital raising.

On 26 June 2026, the Company announced the sale of its 1.5 million shares in AUDC Pty Ltd for a total consideration of $1.2 million, before costs. The transaction was completed subsequent to the reporting date, with shares transferred on 13 July 2026. Following the sale, the Group continues to hold 18.5 million shares, representing a 43.5% interest in AUDC.

No other matter or circumstance has arisen since 30 June 2026 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.