

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

**1. Company details**

Name of entity:	Novatti Group Limited
ACN:	606 556 183
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

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

			<b>\$'000</b>
Revenues from ordinary activities	up	19.7% to	38,979
Loss from ordinary activities after tax attributable to the owners of Novatti Group Limited	up	58.2% to	(26,310)
Loss for the year attributable to the owners of Novatti Group Limited	up	58.2% to	(26,310)

*Dividends*

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

*Comments*

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$26,310,000 (30 June 2022: \$16,627,000).

The loss for the consolidated entity after providing for income tax amounted to \$26,545,000 (30 June 2022: \$16,627,000).

The Group's revenue increased by 19.7% to \$38,979,000 (30 June 2022: \$32,555,000). The underlying EBITDA\* increased by 7% to a loss of \$14,481,000 compared to the corresponding prior year of \$13,585,000 loss.

The net asset position decreased from \$21,166,000 to \$15,475,000 as at 30 June 2023 (30 June 2022: \$36,641,000), with \$18,215,000 held in cash and cash equivalents.

	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>Change</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Net loss from operations	(26,545)	(16,627)	(9,918)	60%
Less:				
Interest income	(668)	(34)	(634)	1865%
Add back:				
Depreciation and amortisation	2,211	1,853	358	19%
Finance charges	1,382	725	657	91%
Indirect tax expenses	109	71	38	54%
<b>EBITDA</b>	<b>(23,511)</b>	<b>(14,012)</b>	<b>(9,499)</b>	<b>68%</b>
Add back/(less):				
Vesting of share-based payments	2,265	1,792	473	26%
Losses/(gain) on fair value movement of investments	15,877	(3,302)	19,179	(581%)
(Gains)/losses on embedded derivatives	-	(729)	729	(100%)
Dividends from Reckon Limited	(13,511)	(1,126)	(12,385)	1100%
On-off transaction costs related to investment in Reckon Limited	-	617	(617)	(100%)
Amounts accrued to vendors of the ATX transaction under earn-out arrangements treated as employee benefits expenses	1,060	771	289	37%
Banking business	3,339	2,404	935	39%
<b>Underlying EBITDA *</b>	<b>(14,481)</b>	<b>(13,585)</b>	<b>(896)</b>	<b>7%</b>

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*\*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, gain on embedded derivative and the banking business. 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.*

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.34	8.14

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

Not applicable.

**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**

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Novatti (Malaysia) Sdn Bhd	-	50.00%	-	23
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			-	23

**9. Foreign entities**

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

Not applicable.

**10. Audit qualification or review**

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

The financial statements have not yet been audited.

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**11. Attachments**

*Details of attachments (if any):* The Preliminary final report of Novatti Group Limited for the year ended 30 June 2023 is attached.

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**12. Signed**

Signed 

Peter Pawlowitsch  
Chairman

Date: 31 August 2023

**Novatti Group Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	2	38,979	32,555
Other income	3	16,316	1,815
<b>Expenses</b>			
Administrative and corporate costs		(5,663)	(3,725)
Client hosting fees and other direct services		(20,731)	(18,928)
Employee benefits		(28,265)	(27,394)
Foreign currency translation gains/(losses)		(66)	403
Marketing and selling expenses		(1,037)	(290)
Data management expenses		(4,348)	(1,197)
(Loss)/Gain on investments at fair value through profit or loss	5	(15,877)	3,302
Vesting charge for share-based payments		(2,256)	(1,325)
Share of net profit of joint ventures accounted for using the equity method		-	23
Gains/(losses) on embedded derivative - convertible note facility into Novatti Group Ltd the parent entity		-	729
Depreciation and amortisation expense		(2,211)	(1,853)
Finance costs		(1,382)	(725)
<b>Loss before income tax expense</b>		(26,541)	(16,610)
Income tax expense		(4)	(17)
<b>Loss after income tax expense for the year</b>		(26,545)	(16,627)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(238)	43
Other comprehensive income for the year, net of tax		(238)	43
<b>Total comprehensive income for the year</b>		<u>(26,783)</u>	<u>(16,584)</u>
Loss for the year is attributable to:			
Non-controlling interest		(235)	-
Owners of Novatti Group Limited		(26,310)	(16,627)
		<u>(26,545)</u>	<u>(16,627)</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(235)	-
Owners of Novatti Group Limited		(26,548)	(16,584)
		<u>(26,783)</u>	<u>(16,584)</u>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	12	(7.800)	(5.115)
Diluted loss per share	12	(7.800)	(5.115)

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

**Novatti Group Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		18,215	6,059
Trade and other receivables	4	7,748	8,422
Financial assets - funds in trust		92,444	52,440
Other current assets		1,131	928
<b>Total current assets</b>		<u>119,538</u>	<u>67,849</u>
<b>Non-current assets</b>			
Investments accounted for using the equity method		-	77
Other investments at fair value through profit and loss	5	11,847	27,724
Plant and equipment		407	529
Right-of-use assets		1,509	1,790
Intangible assets		7,904	9,322
Security deposits	10	4,429	3,704
<b>Total non-current assets</b>		<u>26,096</u>	<u>43,146</u>
<b>Total assets</b>		<u>145,634</u>	<u>110,995</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6	22,420	16,221
Settlement and remittance funds payable	7	91,629	52,062
Lease liabilities		271	273
Contract liabilities		286	798
Convertible note facilities		-	40
Employee benefits		3,478	1,959
<b>Total current liabilities</b>		<u>118,084</u>	<u>71,353</u>
<b>Non-current liabilities</b>			
Trade and other payables			255
Borrowings	8	10,500	-
Lease liabilities		1,575	1,829
Employee benefits		0	917
Other non-current liabilities		-	0
<b>Total non-current liabilities</b>		<u>12,075</u>	<u>3,001</u>
<b>Total liabilities</b>		<u>130,159</u>	<u>74,354</u>
<b>Net assets</b>		<u>15,475</u>	<u>36,641</u>
<b>Equity</b>			
Issued capital	9	90,686	89,336
Reserves		5,401	4,981
Accumulated losses		(83,477)	(57,676)
Equity attributable to the owners of Novatti Group Limited		12,610	36,641
Non-controlling interest		2,865	-
<b>Total equity</b>		<u>15,475</u>	<u>36,641</u>

*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 2023**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Share-based payment reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Non-Controlling Interests \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2021	44,144	3,226	577	(41,018)	1,969	8,898
Loss after income tax expense for the year	-	-	-	(16,627)	-	(16,627)
Other comprehensive income for the year, net of tax	-	-	43	-	-	43
Total comprehensive income for the year	-	-	43	(16,627)	-	(16,584)
<i>Transactions with owners in their capacity as owners:</i>						
Vesting of share based payments arrangements	-	1,792	-	-	-	1,792
Issue of shares in lieu of consultancy fees	26	-	-	-	-	26
Issue of shares in lieu of staff remuneration	250	-	-	-	-	250
Issue of shares on exercise of options	2,273	(656)	-	-	-	1,617
Issue of shares on conversion of convertible notes and exercise of bonus options held by convertible note holders	3,354	(1)	-	-	-	3,353
Reacquisition of equity in Novatti B Holdings Pty Ltd formerly owned by BC Invest	-	-	-	(31)	(1,969)	(2,000)
Proceeds from issue of shares, net of transaction costs (note 9)	38,029	-	-	-	-	38,029
Issue of shares to acquire ATX Fintech Holding Sdn Bhd	1,260	-	-	-	-	1,260
Balance at 30 June 2022	<u>89,336</u>	<u>4,361</u>	<u>620</u>	<u>(57,676)</u>	<u>-</u>	<u>36,641</u>

*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 2023**

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

*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 2023**

	<b>Note</b>	<b>Consolidated</b>	
		<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		78,282	62,124
Payments to suppliers and employees (inclusive of GST)		(91,708)	(75,838)
Interest received		668	34
Receipt of government grants		1,921	256
Interest and other finance costs paid		(1,238)	(721)
		<u>(12,075)</u>	<u>(14,145)</u>
Dividends received		13,511	1,126
Income taxes paid		(43)	(13)
		<u>(43)</u>	<u>(13)</u>
Net cash from/(used in) operating activities		<u>1,393</u>	<u>(13,032)</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired		-	(2,098)
Payments for investments in Reckon Limited		-	(22,517)
Payments for plant and equipment		(35)	(147)
Payments for intangible assets		(353)	(326)
Payments for security deposits		(1,573)	(1,587)
		<u>(1,961)</u>	<u>(26,675)</u>
Net cash used in investing activities		<u>(1,961)</u>	<u>(26,675)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of transaction costs	9	-	38,029
Repayment of borrowings		(40)	(804)
(Repurchase)/issue of equity to BC Invest		-	(2,000)
Proceeds from exercise of options		-	1,618
Proceeds from borrowings	8	10,500	-
Borrowings transaction costs		(392)	-
Repayment of lease liabilities		(256)	(248)
Proceeds from the issue of shares into IBOA Group Holdings Pty Limited		3,100	-
		<u>12,912</u>	<u>36,595</u>
Net cash from financing activities		<u>12,912</u>	<u>36,595</u>
Net increase/(decrease) in cash and cash equivalents		12,344	(3,112)
Cash and cash equivalents at the beginning of the financial year		6,059	8,798
Effects of exchange rate changes on cash and cash equivalents		(188)	373
		<u>(188)</u>	<u>373</u>
Cash and cash equivalents at the end of the financial year		<u><u>18,215</u></u>	<u><u>6,059</u></u>

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



**Novatti Group Limited**  
**Notes to the consolidated financial statements**  
**30 June 2023**

**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 2022 and any ASX announcements made by the Company during the period.

**Note 2. Revenue**

	<b>Timing of revenue recognition Services provided at point in time \$</b>	<b>Timing of revenue recognition Services provided over time \$</b>	<b>Consolidated 30 June 2023 \$</b>
<b>30 June 2023</b>			
<b>Sales revenue</b>			
Technology	2,324	2,082	4,406
Business Automation	19	2,129	2,148
Acquiring	2,591	-	2,591
Alternative Payments	20,847	-	20,847
Banking Services	-	-	-
ATX Payments	5,564	-	5,564
Issuing	3,423	-	3,423
	<u>34,768</u>	<u>4,211</u>	<u>38,979</u>
<b>30 June 2022</b>			
<b>Sales revenue:</b>			
Technology	2,176	1,700	3,876
Business Automation	1,354	1,085	2,439
Acquiring	868	-	868
Alternative Payments	17,946	-	17,946
Banking Services	-	-	-
ATX Payments	5,801	-	5,801
Issuing	1,625	-	1,625
	<u>29,770</u>	<u>2,785</u>	<u>32,555</u>

**Novatti Group Limited**  
**Notes to the consolidated financial statements**  
**30 June 2023**

**Note 3. Other income**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Government grants	1,921	256
Dividends	13,511	1,126
Interest	668	34
Other	216	399
	<u>16,316</u>	<u>1,815</u>
Other income	<u>16,316</u>	<u>1,815</u>

During the year ended 30 June 2023, the company received dividend with franking credit rate of 60% from the investment in Reckon Limited (note 5) of \$13,511,000 (30 June 2022: \$1,126,000, franking credit rate of 100%).

**Note 4. Trade and other receivables**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Trade and other receivables	6,573	5,703
Less: Allowance for expected credit losses	(1,506)	(221)
	<u>5,067</u>	<u>5,482</u>
Contract assets	<u>2,681</u>	<u>2,940</u>
	<u>7,748</u>	<u>8,422</u>

*Allowance for expected credit losses*

The consolidated entity has recognised additional provision of \$1,285,000 (30 June 2022: \$221,000) in statement of profit or loss and other comprehensive income in respect of the expected credit losses for the year ended 30 June 2023.

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>Consolidated</b>	<b>Expected credit loss rate</b>		<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>%</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Not overdue	-	-	3,174	4,802	-	-
0 to 3 months overdue	8%	-	1,815	153	(152)	-
Over 3 months overdue	85%	30%	1,584	748	(1,354)	(221)
			<u>6,573</u>	<u>5,703</u>	<u>(1,506)</u>	<u>(221)</u>

**Novatti Group Limited**  
**Notes to the consolidated financial statements**  
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**Note 5. Other investments at fair value through profit and loss**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Investment in Slice Payments	-	452
Investment in Rent Pay Pty Ltd	250	250
Investment in Reckon Limited	11,597	27,022
	<u>11,847</u>	<u>27,724</u>

For all of these investments, the directors consider that the Company has less than a significant influence. Accordingly, they are all held at fair value through profit or loss. The investments in Slice Payments and Rent Pay Pty Ltd are Level 2 valuation investments as they are unlisted, with the derivation of their value from the last available public information for trading in the shares of those investments at arms-length terms. The investment in Reckon Limited is a Level 1 investment, being that it is quoted on the Australian Securities Exchange. As at 30 June 2023, the fair value of Slice Payments decreased to nil.

The Reckon Limited shares were originally acquired at \$1.00 per share. As at 30 June 2023 the value of those shares declined to \$0.52 per share, contributing to a fair valuation loss of \$15,425,000. The group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

During the period the Company recognised dividend income of \$13,511,000 from its strategic stake in Reckon Limited.

**Note 6. Trade and other payables**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Trade payables	8,062	6,969
Sundry creditors and accrued expenses	13,720	8,201
Deferred consideration related to ATX acquisition	638	1,012
Income tax payable	-	39
	<u>22,420</u>	<u>16,221</u>

**Note 7. Settlement and remittance funds payable**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Settlement funds payable*	41,746	27,441
Remittance funds payable*	12,622	7,947
Client visa funds payable	37,261	16,674
	<u>91,629</u>	<u>52,062</u>

**Novatti Group Limited**  
**Notes to the consolidated financial statements**  
**30 June 2023**

**Note 8. Borrowings**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current liabilities</i>		
Bonds	<u>10,500</u>	<u>-</u>

On 15 August 2022, the Company completed a \$10.5 million corporate bond issue to support growth in core payment processing business and capital for proposed banking business. The bonds are secured and are issued for a fixed term of five years from the date funds are received by Company, with interest at 90-day BBSW plus 650bps, interest settled quarterly and there are no equity conversion features with respect to this bond.

Refer to following table for the summary of significant terms and conditions of the bond:

- Financial Covenant: the senior secured and unsecured debt of the Company and the entities it controls does not exceed A\$12,000,000
- Reckon Holding: the Company continues maintaining a direct holding of at least 19.88% of total ordinary shares in Reckon Limited
- Reckon Dividend: the Company the pay all ordinary dividends and other distributions and proceeds received from or in connection with the Reckon Holding or any Replacement Shares (if applicable) into a designated bank account with restricted access provided to the Company for withdrawals

There was no breach to the terms and conditions during the year and as at 30 June 2023

**Note 9. Issued capital**

	<b>Consolidated</b>			
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>338,656,542</u>	<u>335,297,521</u>	<u>90,686</u>	<u>89,336</u>

**Novatti Group Limited**  
**Notes to the consolidated financial statements**  
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**Note 9. Issued capital (continued)**

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$'000</b>
Balance	1 July 2021	244,203,326	44,144
Issue of shares on conversion of convertible notes	5 July 2021	4,880,000	2,692
Issue of shares on exercise of options	5 July 2021	37,500	10
Issue of shares to sophisticated and institutional investors	9 July 2021	51,120,472	28,116
Issue of shares on conversion of convertible notes	30 July 2021	1,200,000	662
Issue of shares to existing shareholders under Share Purchase Plan	9 August 2021	452,742	249
Issue of shares to sophisticated and institutional investors	27 August 2021	21,606,801	11,884
Issue of shares on exercise of options	1 September 2021	310,000	103
Issue of shares on exercise of options	1 October 2021	600,000	199
Issue of shares in lieu of consultancy fees	1 October 2021	40,000	17
Issue of shares to employees	15 October 2021	1,000,000	250
Issue of shares on exercise of options	3 December 2021	3,198,013	1,046
Issue of shares in lieu of consultancy fees	24 December 2021	32,000	9
Issue of shares on exercise of options	24 December 2021	1,350,000	448
Issue of shares on exercise of options	31 December 2021	1,666,667	467
Issue of shares to acquire ATX Fintech Holding Sdn Bhd	14 January 2022	3,600,000	1,260
Cost of capital raising		-	(2,220)
Balance	1 July 2022	335,297,521	89,336
Issue of shares to employees	30 September 2022	1,228,000	221
Issue of shares on exercise of options	30 November 2022	1,069,869	330
Issue of shares on exercise of options	13 December 2022	145,905	90
Issue of shares on exercise of options	20 December 2022	690,247	678
Issue of shares in lieu of consultancy fees	11 May 2023	225,000	31
Balance	30 June 2023	<u>338,656,542</u>	<u>90,686</u>

*Ordinary shares*

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

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

*Share buy-back*

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

*Capital risk management*

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

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

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

**Novatti Group Limited**  
**Notes to the consolidated financial statements**  
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**Note 10. 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; b) the Currency Cloud float; and c) Visa collateral.

Programs managed under the Novatti Visa licence requires Novatti clients to maintain 6 days float in accounts held by Novatti for the client. Where a client's business model fails, their float is held by Novatti and is used to settle outstanding card payments. In the unlikely event that the client funds fall short of clearing their outstanding Visa settlements, the cash on deposit will be used for the shortfall. The Currency Cloud float enables expedient payments. Where the client does not forward the balance of the funds for cross-border payments, Novatti is at risk of the unpaid balance of that transaction.

The consolidated entity had no other contingent liabilities as at 30 June 2023 and 30 June 2022.

**Note 11. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2023 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 12. Loss per share**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	(26,545)	(16,627)
Non-controlling interest	235	-
	<u>(26,310)</u>	<u>(16,627)</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	<u>337,310,860</u>	<u>325,048,215</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>337,310,860</u>	<u>325,048,215</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(7.800)	(5.115)
Diluted loss per share	(7.800)	(5.115)

As at 30 June 2023, the Group has 56,743,184 unlisted options on issue (30 June 2022: 43,181,668). These options are considered to be non-dilutive whilst the Group is in a loss position.