

Ovanti Limited

(Formerly known as IOU Pay Limited)

ABN 11 091 192 871

Annual Report - 30 June 2024

Ovanti Limited
(Formerly known as IOU Pay Limited)
Corporate directory
30 June 2024

Directors	David Halliday Greg Woszczalski Mohammad Shahrudin Daler Fayziev Joshua Quinn
Company secretary	Joshua Quinn
Registered office	c/- Prime Company Compliance, Level 9, 505 Little Collins, MELBOURNE, VIC, AUSTRALIA, 3000
Principal place of business	c/- Prime Company Compliance, Level 9, 505 Little Collins, MELBOURNE, VIC, AUSTRALIA, 3000
Share register	Automic Registry Services Level 5, 126 Phillip Street, SYDNEY, NSW, AUSTRALIA, 2000
Auditor	Connect National Audit Level 11, 333 Collins Street. Melbourne VIC 3000
Stock exchange listing	Ovanti Limited shares are listed on the Australian Securities Exchange (ASX code: OVT)
Corporate Governance Statement	Refer to the company's website at https://ovanti.com

Ovanti Limited
(Formerly known as IOU Pay Limited)
Chairman's letter
30 June 2024

Dear Shareholders,

On behalf of the board, I would like to thank shareholders for their continued support of the company over the past 12 months, where again significant progress has again been made on a range of fronts.

This is now the first full year the current board has been working for the company and significant steps have been taken towards the achievement of the four strategic pillars the board saw as significant upon its appointment during 2022.

In addition, during the course of the past 12 months your board has been strengthened with the addition of both Daler Fayziev and Joshue Quinn. Mr Fayziev represents the significant and very important investment that Finran Pty Ltd has made and Mr Quinn, a qualified accountant, has been instrumental in re-engineering the accounting function and ensuring compliance with the numerous statutory requirements of being a listed company.

Some of the key achievements and highlights of the past year are outlined below.

Re-Quotation of Securities on the ASX

On 30 April 2024 the securities of Ovanti Limited (ASX:OVT) were requoted on the ASX. This came after a name change from IOU Pay Limited was approved by shareholders at the company's last Annual General Meeting.

The requotation was a significant milestone for the company and the culmination of a large body of work by the company and various consultants. That work included finalising and audit for the 2023 financial year, re-stating the audit for the 2022 financial year, bringing up-to-date the company's outstanding appendix 4C quarterly reports and satisfying multiple other requests for information from the ASX.

Giving shareholders liquidity for their investment in OVT was a high priority for the board and we are delighted to have delivered against this for shareholders during the past year.

Recovery Activities

The company continues to pursue those suspected of wrongfully or fraudulently dealing with company funds and other assets.

These efforts and being led by the very capable Cecil Abraham Partnership (CAP), out of Kuala Lumpur, and a mix of negotiated outcomes and cases before the Malaysian courts are currently being pursued.

Ongoing Activities

iSentric: The business continues to perform well and as announced during the course of this year has expanded through the successful execution of a contract for service with a large Malaysian bank.

IDSB: The company has received an unsolicited offer of RM40,000,000 for its 21% stake in IDSB. Subsequent to receipt of this offer the board have sourced an independent valuation which is currently being finalised. Bona Fides of the offer have been established and discussions with the offeror are ongoing. The board hope to bring these discussion to a conclusion in coming weeks.

Funding: Across the course of the past year the company has been able to raise \$3,320,936 from separate capital raisings to support its ongoing activities. We thank the existing and new shareholders who have participated in these capital raisings

As we look forward, while not certain, we are hopeful of positive outcomes on both our recovery activities and dealing with the valuable stake in IDSB. At that time the board will shift focus to ensuring shareholder value is created and maximised from any proceeds that may arise from these activities.

Once again, I would like to thank you as shareholders for your continued support of the company along with our staff in Malaysia, our consultants and advisors and of course my fellow directors. We look forward to the year ahead.

David Halliday
Chairman

Ovanti Limited
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Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Ovanti Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

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

David Halliday
Greg Woszczalski
Mohammad Shahrudin
Daler Fayziev (appointed 13 December 2023)
Joshua Quinn (appointed 13 December 2023)

Principal activities

Ovanti Limited (ASX: OVT) specializes in providing advanced fintech and digital commerce software solutions, empowering institutional clients to securely and efficiently authenticate end-user customers while seamlessly managing banking, purchasing, and payment transactions.

Our foundational technology platform facilitates the seamless connection of extensive customer communities to end-users through various mobile devices, seamlessly integrating mobile technology into their existing business and customer product portfolios. Ovanti's operational segments include Mobile Banking, Digital Payments, and Digital Services, serving the top 20 banks in Malaysia, along with prominent telecommunications companies and corporations in Malaysia and Indonesia.

Furthermore, Ovanti collaborates with telecommunication network providers to deliver mobile Over-The-Top (OTT) services, leveraging their subscriber base to foster vibrant and engaged communities.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$5,948,034 (30 June 2023: \$36,345,472).

Refer to the Chairman's letter which directly precedes this directors report.

Significant changes in the state of affairs

There were no 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 6 August 2024, the company issued 300,000,000 fully paid ordinary shares raising \$1,200,000 before costs.

On 19 September 2024, the company issued a further 33,742,859 fully paid ordinary shares raising \$134,971 before costs.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

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

The consolidated entity operates in Malaysia where it is subject to environmental regulation. There have been no breaches of these regulations during the year ended 30 June 2024.

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Directors' report
30 June 2024

Information on directors

Name: David Halliday
Title: Non-Executive Chairman
Qualifications: B Eng (Mech)
Experience and expertise: Mr David Halliday is a finance industry professional with over 20 years' experience across Macquarie Bank where he was an Associate Director through to Aesir Capital where he is a principal of the firm. Highly experienced in Capital Markets (Equity and Debt), Derivatives, Corporate Finance, Corporate Advisory and Mergers and Acquisitions of listed and unlisted companies, David brings a broad and well-rounded range of experiences to the Chair.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Chair of the Board
Interests in shares: Nil
Interests in options: Nil

Name: Greg Woszczalski
Title: Non-Executive Director
Qualifications: Master of Business Administration - MBA, Bachelor of Commerce (Econ), Graduate Diploma in Financial Planning
Experience and expertise: Mr Greg Woszczalski has worked across many businesses over the past 22 years in the SME sector, structuring and implementing cash flow and finance solutions and consulting on company restructure. Greg is currently an Executive Director of Dynamoney Limited (formerly Grow Finance Limited), a leading non bank business lender which he founded in 2016. Dynamoney Limited accolades include being the fastest growing company in Australia in 2021 on the AFR Fast100 list and top 10 fastest growing companies in 2022 and 2023 on the Financial Times High Growth Companies Asia-Pacific list. Prior to Grow Finance Limited, Greg co-founded 180 Group in 2003 which developed into a leading non-bank lender which was divested to an ASX listed entity in 2015. Greg commenced his career at Merrill Lynch where he specialised in institutional debt and derivatives trading, working closely with the debt capital markets team and reported to Merrill Lynch globally on debt market transactions and flows. Greg has held board positions at the Turnaround Management Association of Australia, the Debtor and Invoice Finance Association of Australia and New Zealand as well as several unlisted entities.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: Nil
Interests in options: Nil

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Name: Mohammad Shahrudin
Title: Non-Executive Director
Qualifications: Diploma Computer Science + Degree Information Technology (UITM)
Experience and expertise: Mr. Mohammad Azizuddin Shahrudin or better known as AJ to his global networks is a Technopreneur in South East Asia. He's based between Kuala Lumpur and Jakarta, started his career 23 years ago during the famous Dot Com 1.0 era. He is an all-rounder person that has strong industry ecosystem knowledge, well connected & knows who's who at govtech, telco sector, tech startup ecosystem and Venture Capital & Private Equity industries especially in the South East Asia region. A computer science professional and IT by training turned technopreneur, venture fund manager and investment banker, he has had a broad career ranging from technopreneurship & leadership roles in information technology industry, mobile media, internet companies, venture funds, investment banks and also served as a board of director, advisor to unlisted & listed companies. He was involved in various Malaysian & International companies to established business ventures around the region.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Interests in shares: Nil
Interests in options: Nil

Name: Daler Fayziev
Title: Executive Director (appointed 13 December 2023)
Experience and expertise: Daler, a multilingual force in finance, boasts over two decades of strategic leadership. He excels in weaving magic with fund investments, business development, and client relationships, driving growth through his masterful leadership. A global citizen fluent in multiple languages, his bridge-building skills forge strong international connections, fuelling the success of any venture he champions.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 198,303,816 fully paid ordinary shares (held indirectly by Finran Pty Ltd)
Interests in options: Nil

Name: Joshua Quinn
Title: Non-Executive Director (appointed 13 December 2023)
Qualifications: CAANZ, B.Com, LLM, CTA
Experience and expertise: Joshua has over 20 years of experience in private practice within Business Services and Corporate Tax teams of Big 4 and leading Mid-Tier Firms providing business and taxation advice and compliance services to high net wealth individuals, private family groups, listed corporations and multinationals. He has experience with all aspects of Australian taxation and accounting including income tax, capital gains tax, tax provisions, tax consolidation, tax audits and tax compliance.

Other current directorships: Non-Executive Director and Company Secretary of Thrive Tribe Technologies Limited (ASX: 1TT) (formerly Wooboard Technologies Limited (ASX: WOO) and Executive Director of Bridge SaaS Limited (ASX: BGE)
Former directorships (last 3 years): Nil
Interests in shares: 198,303,816 fully paid ordinary shares (held indirectly by Finran Pty Ltd)
Interests in options: Nil

'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.

Company secretary

Joshua Quinn was appointed interim company secretary on 7 August 2024, he is also a director of the company. The role was previously performed by James Barrie.

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Directors' report
30 June 2024

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board Attended	Held
David Halliday	8	8
Greg Woszczalski	8	8
Mohammad Shahrudin	8	8
Daler Fayziev	4	5
Joshus Quinn	5	5

Held: represents the number of meetings held during the time the director held office.

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

Remuneration of Directors and key management personnel of the Group is established by the Board. Remuneration of executives is determined as part of an annual performance review, having regard to market factors and a performance evaluation process. The remuneration framework is designed to align executive reward with achievement of strategic objectives and the creation of value for shareholders, and aligns with good practice in remuneration. For Non-Executive Directors, remuneration packages comprise salary and superannuation. Remuneration packages for executives also include salary and superannuation, and in addition they may be offered incentives. Short-term incentives are payable on a cash basis. Longer-term incentives are granted to eligible participants as options under the Ovanti Limited Employee Option Plan, which seeks to align the interests of eligible participants with the interests of shareholders. Non-Executive Directors do not receive incentives or performance-based payments.

The Non-Executive Directors are responsible for evaluating the performance of the Executive Director, and the Chief Executive Officer, who in turn evaluates the performance of all other senior executives.

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

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Performance based remuneration

Performance based remuneration of executives is evaluated based on specific criteria, including the Group's business performance and achievement of revenue and Net Profit After Tax (NPAT) targets, whether short and long-term objectives are achieved and individual performance objectives.

Non-executive directors remuneration

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed periodically by the Board to ensure they remain appropriate and in line with the market.

ASX listing rules require the aggregate non-executive Directors' remuneration be determined periodically by a general Meeting, and shareholders most recently approved a maximum annual aggregate remuneration of \$250,000. This amount may be divided among Non-Executive Directors in the manner determined by the Board from time to time.

Directors' fees cover all main Board activities. Directors who perform additional duties over and above that of normal Director's duties are remunerated on commercial terms and conditions.

Executive remuneration

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration has been compared with the external market by participation in industry salary surveys and during recruitment activities generally.

Use of remuneration consultants

During the financial year ended 30 June 2024, the consolidated entity did not make use of remuneration consultants.

Voting and comments made at the Company's Annual General Meeting ('AGM') held 24 January 2024

At the 2023 AGM, 99.63% of votes cast supported the adoption of the remuneration report for the year ended 30 June 2023. The current directors are not aware of any specific feedback at, prior to or following the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

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

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Consulting fees	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2024	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
David Halliday	70,000	-	-	-	-	-	70,000
Greg Woszczalski	50,000	-	-	-	-	-	50,000
Mohammad Shahrudin	54,166	-	-	-	-	-	54,166
Joshua Quinn *	29,167	-	-	-	-	-	29,167
<i>Executive Directors:</i>							
Daler Fayziev *	72,500	-	-	-	-	-	72,500
	<u>275,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,833</u>

* Appointed 13 December 2023.

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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Consulting fees	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
David Halliday	30,602	-	-	-	-	-	30,602
Greg Woszczalski	7,930	-	-	-	-	-	7,930
Mohammad Shahrudin	7,930	-	-	-	-	-	7,930
Wan Ahmad	65,590	-	-	-	-	-	65,590
Datuk Khairul Idham Bin Ismail	40,000	-	-	-	-	-	40,000
Byung Moo Shin	21,484	-	-	-	-	-	21,484
Kwong Yang Chong	52,000	46,612	-	-	-	-	98,612
<i>Executive Directors:</i>							
Lee Chin Wee	130,439	-	-	-	-	-	130,439
Paul Russell	40,000	94,500	-	-	-	-	134,500
<i>Other Key Management Personnel:</i>							
Kenneth Kuan Choon Hsuing	173,542	-	-	-	-	-	173,542
	<u>569,517</u>	<u>141,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>710,629</u>

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
David Halliday	100%	100%	-	-	-	-
Greg Woszczalski	100%	100%	-	-	-	-
Mohammad Shahrudin	100%	100%	-	-	-	-
Wan Ahmad	-	100%	-	-	-	-
Datuk Khairul Idham Bin Ismail	-	100%	-	-	-	-
Byung Moo Shin	-	100%	-	-	-	-
Kwong Yang Chong	-	100%	-	-	-	-
Joshua Quinn	100%	-	-	-	-	-
<i>Executive Directors:</i>						
Lee Chin Wee	-	100%	-	-	-	-
Paul Russell	-	100%	-	-	-	-
Daler Fayziev	100%	-	-	-	-	-
<i>Other Key Management Personnel:</i>						
Kenneth Kuan Choon Hsuing	-	100%	-	-	-	-

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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: David Halliday
Title: Non-Executive Chairman
Agreement commenced: 3 May 2023
Term of agreement: Annual Non-Executive Chairman fees currently agreed to be paid by the Company are \$70,000 per annum plus superannuation.

Name: Greg Woszczalski
Title: Non-Executive Director
Agreement commenced: 3 May 2023
Term of agreement: Annual Non-Executive Director fees currently agreed to be paid by the Company are \$50,000 per annum plus superannuation.

Name: Mohammad Shahrudin
Title: Non-Executive Director
Agreement commenced: 3 May 2023
Term of agreement: Annual Non-Executive Director fees currently agreed to be paid by the Company are \$50,000 per annum plus superannuation

Name: Daler Fayziev
Title: Executive Director
Agreement commenced: 1 March 2024
Term of agreement: Annual Executive Director fees currently agreed to be paid by the Company are \$240,000 per annum plus superannuation

Name: Joshua Quinn
Title: Non-Executive Director
Agreement commenced: 13 December 2023
Term of agreement: Annual Non-Executive Director fees currently agreed to be paid by the Company are \$50,000 per annum plus superannuation

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2024 are summarised below:

	2024	2023	2022	2021	2020
	\$	\$	\$	\$	\$
Sales revenue	6,043,126	9,485,500	8,399,809	7,186,717	6,390,287
Loss after income tax	(5,948,034)	(36,345,472)	(10,020,194)	(4,793,588)	(2,610,228)

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

	2024	2023	2022	2021	2020
Basic earnings per share (cents per share)	(0.64)	(6.45)	(1.82)	(1.14)	(1.37)
Diluted earnings per share (cents per share)	(0.64)	(6.45)	(1.82)	(1.14)	(1.37)

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	Held at time of appointment	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
David Halliday	-	-	-	-	-
Greg Woszczalski	-	-	-	-	-
Mohammad Shahrudin	-	-	-	-	-
Daler Fayziev *	-	198,303,816	-	-	198,303,816
Joshua Quinn *	-	198,303,816	-	-	198,303,816
	-	-	-	-	-
	-	396,607,632	-	-	396,607,632

* Appointed on 13 December 2023. Share are held indirectly via Finran Pty Ltd

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	Expired	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
David Halliday	-	-	-	-	-
Greg Woszczalski	-	-	-	-	-
Mohammad Shahrudin	-	-	-	-	-
Daler Fayziev *	-	-	-	-	-
Joshua Quinn *	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

* Appointed on 13 December 2023.

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
28 June 2024	28 June 2027	\$0.0150	10,000,000
28 June 2024	28 June 2027	\$0.0200	25,000,000
28 June 2024	28 June 2027	\$0.0250	35,000,000
			<u>70,000,000</u>

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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 no ordinary shares of Ovanti Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Business risks

Below is a summary of the key business risks which impact the Company.

Litigation and investigations risks

The Company is exposed to possible litigation risks including contractual disputes and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

As previously announced, the Company is currently engaged in litigation both commenced by and brought against the Company. The Company is also subject to an ongoing investigation in relation to the alleged misappropriation or fraudulent use of the Company's funds by previous employees, advisors and associates.

As with all complex fraud investigations and litigation, they are costly, conduct of the investigations and proceedings is time consuming for the Board and management and the length of such processes is not certain and the recovery of funds (if any) is not guaranteed. There is also a risk that the Company is unsuccessful with the ongoing investigations and litigation which may result in costs being ordered against the Company.

The Directors' view is that the Company has a strong prospect of success and also of defending any claims in any event.

Liquidity risk

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 addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and 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 and scale back its programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Privacy and data collection

The Company's services involves the storage, transmission, and processing of data from clients in order to provide services to clients. Personal privacy, information security, and data protection are significant issues. The regulatory framework governing the collection, processing, storage, and use of business information, particularly information that includes personal data, is rapidly evolving and any failure or perceived failure to comply with applicable privacy, security, or data protection laws, regulations or contractual obligations may adversely affect the Company's business.

Competition

The fintech industry in which the Company operates is subject to competition, in particular as a result of the nature of the contracts available. Current or future competitors may come up with new, better or cheaper methods of mobile banking, SMS marketing and email marketing.

The Company's competitors include both small and medium enterprises and large, established corporations or multinationals. Those may decide to enter the Company's target markets and be able to fund aggressive marketing strategies. They may also have stronger financial capabilities than the Company which may negatively affect the operating and financial performance of the business.

Development

The Company's products and services are the subject of continuous development and need to be substantially developed further in order to gain and maintain competitive and technological advantage, and to improve the products' and services' usability, scalability and accuracy. There are no guarantees that the Company will be able to undertake such development successfully. Failure to successfully undertake such research and development, anticipate technical problems, or estimate research and development costs or timeframes accurately will adversely affect the Company's results and viability.

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Technology

The Company's market involves rapidly evolving products and technological change. The Company cannot guarantee that it will be able to engage in research and development at the requisite levels. The Company cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new products in a timely or cost-effective manner. At the same time, products, services and technologies developed by others may render the Company's products and services obsolete or non-competitive.

Government regulation

The Company is subject to federal and state laws and regulations that govern its business activities in the jurisdictions in which it operates, Malaysia and Indonesia. Government regulation and oversight of the digital economy is constantly evolving and may change in a manner that is unfavourable to the Company. While the Company is increasingly focusing attention on the development of internal compliance procedures, these may not be sufficiently sophisticated enough to ensure compliance with all relevant laws and regulations across all the jurisdictions it operates. Failure to comply with government regulations may affect the Company's ability to generate revenues from the sale of goods and services internationally, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Foreign exchange

The Company will be operating in a variety of jurisdictions, including Malaysia and Indonesia, and as such, expects to generate revenue and incur costs and expenses in foreign currencies. Consequently, movements in currency exchange rates may adversely or beneficially affect the Company's results or operations and cash flows. For example, the appreciation or depreciation of the US dollar relative to the Australian dollar would result in a foreign currency loss or gain. Any depreciation of currencies in foreign jurisdictions in which the Company operates may result in lower than anticipated revenue, profit and earnings of the Company.

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

The board are aware of certain claims and allegations relating to the possible misappropriation of Ovanti funds.

After detailed investigations, interviews and various meetings with relevant individuals, lawyers and consultants, the board have agreed to a framework, outlined by our advisors, to pursue and potentially recover funds on behalf of Ovanti shareholders.

The board continues to work with our advisors to determine the magnitude of potentially recoverable funds and will continue to update the market accordingly as further information comes to hand. The board remains vigilant in ensuring that any expected recovery costs still allow for an acceptable overall return to shareholders based on the probability and likelihood of recovery against those costs.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Connect National Audit

There are no officers of the company who are former partners of Connect National Audit .

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.

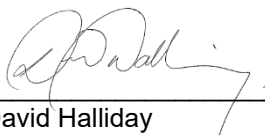
Ovanti Limited
(Formerly known as IOU Pay Limited)
Directors' report
30 June 2024

Auditor

Connect National Audit 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



David Halliday
Non-Executive Chairman

30 September 2024

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead auditor for the audit of Ovanti Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ovanti Limited and its controlled entities.

ROBIN KING HENG LI CA RCA
DIRECTOR
CONNECT NATIONAL AUDIT PTY LTD
Authorised Audit Company No. 521888
Melbourne, Victoria
Date: 30 September 2024

Ovanti Limited
(Formerly known as IOU Pay Limited)
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30 June 2024

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General information

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

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

c/- Prime Company Compliance, Level 9, 505 Little Collins
Street, MELBOURNE, VIC, AUSTRALIA, 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 30 September 2024. The directors have the power to amend and reissue the financial statements.

Ovanti Limited
(Formerly known as IOU Pay Limited)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
Revenue	4	6,043,126	9,485,500
Other income	5	1,494,619	2,745,338
Expenses			
Cost of sales		(5,913,929)	(6,951,942)
Administration expenses		(748,937)	(851,593)
Marketing expenses		(945,353)	(973,413)
Travel expenses		(221,335)	(156,270)
Employee benefits expense		(961,813)	(3,955,346)
Insurance expenses		(62,416)	(54,057)
Depreciation and amortisation expense		(21,138)	(648,117)
Impairment of receivable	8	(95,997)	(20,815,475)
Impairment of property plant and equipment	10	-	(589,371)
Impairment of goodwill on consolidation	11	-	(3,046,539)
Compliance and professional fees		(4,026,512)	(2,805,794)
Impairment of investment in associate	9	-	(7,379,273)
Other expenses		(387,585)	(300,742)
Finance costs		(100,764)	(48,378)
Loss before income tax expense		(5,948,034)	(36,345,472)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Ovanti Limited		(5,948,034)	(36,345,472)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(24,154)	(1,257,733)
Other comprehensive income for the year, net of tax		(24,154)	(1,257,733)
Total comprehensive income for the year attributable to the owners of Ovanti Limited		(5,972,188)	(37,603,205)
		Cents	Cents
Basic earnings per share	28	(0.64)	(6.45)
Diluted earnings per share	28	(0.64)	(6.45)

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

Ovanti Limited
(Formerly known as IOU Pay Limited)
Statement of financial position
As at 30 June 2024

	Note	Consolidated	
		2024	2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	7	472,666	2,042,103
Trade and other receivables	8	1,295,678	1,507,806
Contract assets		47,007	677,360
Income tax refund due		-	2,974
Other		50,958	61,768
Total current assets		<u>1,866,309</u>	<u>4,292,011</u>
Non-current assets			
Investments accounted for using the equity method	9	13,977,416	13,592,369
Property, plant and equipment		164	8,991
Right-of-use assets	10	-	240,547
Total non-current assets		<u>13,977,580</u>	<u>13,841,907</u>
Total assets		<u>15,843,889</u>	<u>18,133,918</u>
Liabilities			
Current liabilities			
Trade and other payables	12	3,276,539	3,548,386
Contract liabilities		-	55,445
Borrowings	13	1,245,171	2,362,521
Lease liabilities		-	244,841
Total current liabilities		<u>4,521,710</u>	<u>6,211,193</u>
Non-current liabilities			
Lease liabilities		-	26,360
Provisions	14	-	64,498
Total non-current liabilities		<u>-</u>	<u>90,858</u>
Total liabilities		<u>4,521,710</u>	<u>6,302,051</u>
Net assets		<u>11,322,179</u>	<u>11,831,867</u>
Equity			
Issued capital	15	87,497,725	82,560,538
Reserves	16	94,095	(407,064)
Accumulated losses		(76,269,641)	(70,321,607)
Total equity		<u>11,322,179</u>	<u>11,831,867</u>

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

Ovanti Limited
(Formerly known as IOU Pay Limited)
Statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2022	81,126,819	909,214	(34,034,680)	48,001,353
Loss after income tax expense for the year	-	-	(36,345,472)	(36,345,472)
Other comprehensive income for the year, net of tax	-	(1,257,733)	-	(1,257,733)
Total comprehensive income for the year	-	(1,257,733)	(36,345,472)	(37,603,205)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 15)	1,433,719	-	-	1,433,719
Transfer on lapse of options	-	(58,545)	58,545	-
Balance at 30 June 2023	<u>82,560,538</u>	<u>(407,064)</u>	<u>(70,321,607)</u>	<u>11,831,867</u>
Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2023	82,560,538	(407,064)	(70,321,607)	11,831,867
Loss after income tax expense for the year	-	-	(5,948,034)	(5,948,034)
Other comprehensive income for the year, net of tax	-	(24,154)	-	(24,154)
Total comprehensive income for the year	-	(24,154)	(5,948,034)	(5,972,188)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 15)	4,937,187	-	-	4,937,187
Share-based payments (note 29)	-	525,313	-	525,313
Balance at 30 June 2024	<u>87,497,725</u>	<u>94,095</u>	<u>(76,269,641)</u>	<u>11,322,179</u>

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

Ovanti Limited
(Formerly known as IOU Pay Limited)
Statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated	Consolidated
		2024	2023
		\$	\$
Cash flows from operating activities			
Receipts from customers		7,692,324	7,381,385
Payments to suppliers and employees		(14,061,168)	(13,657,233)
Interest received		3,148	2,109
Interest and other finance costs paid		(34,049)	(36,057)
Income taxes paid		-	(32,525)
		<u> </u>	<u> </u>
Net cash used in operating activities	27	<u>(6,399,745)</u>	<u>(6,342,321)</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(1,505,117)
Payments for property, plant and equipment		(28,196)	(248,443)
Proceeds from disposal of property, plant and equipment		7,232	-
Dividends received		840,460	763,913
		<u> </u>	<u> </u>
Net cash from/(used in) investing activities		<u>819,496</u>	<u>(989,647)</u>
Cash flows from financing activities			
Proceeds from issue of shares	15	3,320,936	1,521,850
Proceeds from convertible notes		825,000	-
Proceeds from borrowings		350,000	2,350,200
Share issue transaction costs		(264,000)	(88,131)
Repayment of lease liabilities		(215,552)	(269,616)
		<u> </u>	<u> </u>
Net cash from financing activities		<u>4,016,384</u>	<u>3,514,303</u>
Net decrease in cash and cash equivalents		(1,563,865)	(3,817,665)
Cash and cash equivalents at the beginning of the financial year		2,042,103	5,859,768
Effects of exchange rate changes on cash and cash equivalents		(5,572)	-
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	7	<u><u>472,666</u></u>	<u><u>2,042,103</u></u>

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

Ovanti Limited
(Formerly known as IOU Pay Limited)
Notes to the financial statements
30 June 2024

Note 1. 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.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity incurred a loss from ordinary activities of \$5,948,034 (2023: \$36,345,472). The loss in prior year included non-cash impairments expenses of \$31,830,657. For the year ended 30 June 2024 and had negative cash from operating activities of \$6,399,746 (2023: \$6,342,321).

The directors have reviewed the cashflow forecasts for the next twelve months and believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern due to the following factors:

- Since 30 June 2024, the company has issued 333,742,859 fully paid ordinary shares raising \$1,334,971 before costs;
- The Company has received offers for its 21% stake in 1-Destinasi Sdn Bhd and negotiations to complete a transaction remain ongoing;
- The directors have also implemented a cost-reduction program across all operations to ensure the cost base is commensurate with operations. In addition, non-performing businesses have been put into run-off, resulting in capital being prioritised to ongoing operations and recovery activities;
- Cleo Capital, the Company's corporate advisor for capital raising is still mandated by the Company and has indicated ongoing support to the Company for working capital to be raised on commercial terms pursuant to the terms of Cleo Capital's mandate with the Company; and
- As an ASX listed entity, the Consolidated Entity has the ability to raise equity and has a proven track record of being able to raise capital when required.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

In the event that consolidated entity is unsuccessful in implementing the above-stated initiatives, a material uncertainty exists, that may cast significant doubt on the consolidated entity's ability to continue as a going concern and its ability to recover assets and discharge liabilities in normal course of business and at the amounts shown in the financial report.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

Basis of preparation

These general purpose financial statements have 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. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

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

Note 1. Material accounting policy information (continued)

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ovanti Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Ovanti Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

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.

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.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

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

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

Note 1. Material accounting policy information (continued)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

Revenue recognition

The consolidated entity recognises revenue as follows:

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 to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are always classified as non-current.

Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Note 1. Material accounting policy information (continued)

The share of the result of an associate is reflected in profit or loss. This is the profit attributable to equity holders of the associate and therefore is the profit after tax and non-controlling interests in the subsidiaries of the associate. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate..

The financial statements of the associates are prepared as of the same reporting period to the Group. Where necessary, adjustments are made to bring the accounting policies of the associate companies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then the amount recognise as impairment in profit or loss.

Upon loss of significant influence over an associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

Investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Borrowings

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 component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 1. Material accounting policy information (continued)

Employee benefits

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ovanti Limited
(Formerly known as IOU Pay Limited)
Notes to the financial statements
30 June 2024

Note 1. Material accounting policy information (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. 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 in their respective notes.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment: provision of fintech and digital commerce software solutions in Malaysia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 4. Revenue

	Consolidated	
	2024	2023
	\$	\$
Sales	6,043,126	9,485,500

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2024	2023
	\$	\$
<i>Major product lines</i>		
BNPL	-	1,836,321
Mobile services	6,043,126	7,649,179
	<u>6,043,126</u>	<u>9,485,500</u>
<i>Geographical regions</i>		
Malaysia	<u>6,043,126</u>	<u>9,485,500</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>6,043,126</u>	<u>9,485,500</u>

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Note 5. Other income

	Consolidated	
	2024	2023
	\$	\$
Net foreign exchange gain/(loss)	(207,410)	1,209,256
Interest revenue	3,148	2,109
Other miscellaneous income	980	62,475
Share of profit of equity-accounted associate	1,344,055	1,378,881
Net gain on loss of control of subsidiary	-	92,617
Reversal of impairment of receivables	353,846	-
	<u>1,494,619</u>	<u>2,745,338</u>
Other income	<u>1,494,619</u>	<u>2,745,338</u>

Note 6. Income tax expense

	Consolidated	
	2024	2023
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(5,948,034)	(36,345,472)
Tax at the statutory tax rate of 25%	(1,487,009)	(9,086,368)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Difference in overseas tax rates	2,922	318,313
Non-taxable income	(336,014)	(186,841)
Non-deductible expenses	85,852	3,452,574
Other deductible expenses	(38,947)	-
Deferred tax asset not recognised during the financial year	1,773,196	5,502,322
Income tax expense	<u>-</u>	<u>-</u>

	Consolidated	
	2024	2023
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	20,997,566	14,139,118
Potential tax benefit @ 25%	<u>5,249,392</u>	<u>3,534,780</u>

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated	
	2024	2023
	\$	\$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Accrued expenses	10,000	-
Blackhole expenditure	124,623	-
Total deferred tax assets not recognised	<u>134,623</u>	<u>-</u>

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Note 6. Income tax expense (continued)

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

As at 30 June 2024, unused capital losses for which no deferred tax asset has been recognised amounted to \$150,001 (2023: \$150,001). The potential tax benefit at 25% (2023: 25%) is \$37,500 (2023: \$37,500).

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2024	2023
	\$	\$
Cash at bank	472,666	692,435
Cash in trust account	-	1,349,668
	<u>472,666</u>	<u>2,042,103</u>

Note 8. Current assets - trade and other receivables

	Consolidated	
	2024	2023
	\$	\$
Trade receivables	1,138,214	995,648
Other receivables	157,464	512,158
	<u>1,295,678</u>	<u>1,507,806</u>

During the current year, an impairment of \$95,997 has been recognised in relation to receivables. In addition, a reversal of a previous impairment of \$353,846 has been recognised in other income.

Trade and other receivables are written off where there is no reasonable expectation of recovery. For the 2023 reporting period, receivables of iSentric Sdn Bhd, IOUPay (Asia) Sdn Bhd and PT iSentric Technology were written off. There were significant indicators that there was no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. An expense of \$20,815,475 was recognised in the prior period.

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Note 9. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2024	2023
	\$	\$
Investment in associate	<u>13,977,416</u>	<u>13,592,369</u>

Reconciliation

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

Opening carrying amount	13,592,369	20,653,297
Dividends received	(840,460)	(763,913)
Impairment of assets	-	(7,379,273)
Share of profit after tax	1,344,055	1,378,881
Effect of foreign exchange	<u>(118,548)</u>	<u>(296,623)</u>
Closing carrying amount	<u>13,977,416</u>	<u>13,592,369</u>

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates are impaired. For the 2023 reporting period, the Group calculated the amount of impairment as the difference between the recoverable amount of the associate, 1-Destinasi Sdn Bhd, and its carrying value. An impairment expense of \$7,379,273 was recognised in the profit or loss, in the prior year. The recoverable amount of the associate was determined based on value in use calculations which required the use of assumptions. The calculations uses cash flow projections based on financial budgets approved by management. No impairment has been recognised in the current financial year.

Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024	2023
		%	%
1-Destinasi Sdn Bhd ("IDSB"),	Malaysia	21.00%	21.00%

Summarised financial information

	2024	2023
	\$	\$
<i>Summarised statement of financial position</i>		
Current assets	9,606,073	8,818,369
Non-current assets	<u>532,946</u>	<u>1,893,197</u>
Total assets	<u>10,139,019</u>	<u>10,711,566</u>
Current liabilities	372,878	687,885
Non-current liabilities	<u>90,532</u>	<u>93,381</u>
Total liabilities	<u>463,410</u>	<u>781,266</u>
Net assets	<u>9,675,609</u>	<u>9,930,300</u>

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Note 9. Non-current assets - investments accounted for using the equity method (continued)

Summarised statement of profit or loss and other comprehensive income

	2024	2023
	\$	\$
Profit after income tax	6,400,261	6,556,100
Other comprehensive income	-	-
Total comprehensive income	<u>6,400,261</u>	<u>6,556,100</u>

Note 10. Non-current assets - right-of-use assets

	Consolidated	
	2024	2023
	\$	\$
Land and buildings - right-of-use	-	779,746
Less: Accumulated depreciation	-	(539,199)
	<u>-</u>	<u>240,547</u>

Reconciliations

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

Consolidated	Land and buildings
	\$
Balance at 1 July 2022	986,056
Disposals	(58,323)
Lease modification	(416,707)
Exchange differences	(5,169)
Depreciation expense	<u>(265,310)</u>
Balance at 30 June 2023	240,547
Disposals	<u>(240,547)</u>
Balance at 30 June 2024	<u>-</u>

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Note 11. Non-current assets - intangibles

	Consolidated	
	2024	2023
	\$	\$
Goodwill - at cost	-	17,986,155
Less: Impairment	-	(17,986,155)
	<u>-</u>	<u>-</u>
Product development - at cost	-	629,765
Less: Accumulated amortisation	-	(629,765)
	<u>-</u>	<u>-</u>
Intellectual property - at cost	3,856,925	3,861,646
Less: Accumulated amortisation	(3,856,925)	(3,861,646)
	<u>-</u>	<u>-</u>
Software - at cost	-	57,162
Less: Accumulated amortisation	-	(57,162)
	<u>-</u>	<u>-</u>
	<u>-</u>	<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:

Consolidated	Goodwill \$	Product development \$	Software \$	Total \$
Balance at 1 July 2022	1,563,789	4,712	32,451	1,600,952
Additions through business combinations	1,506,346	-	-	1,506,346
Exchange differences	(23,596)	-	-	(23,596)
Impairment of assets	(3,046,539)	-	-	(3,046,539)
Amortisation expense	-	(4,712)	(32,451)	(37,163)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2023	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group tests whether goodwill has suffered any impairment at each reporting period. Based on the management accounts of Sibu Kurnia Marine Sdn Bhd, the market value of their share capital was \$21,000 (MYR 64,000). In the absence of reliable cash flow projections to determine the recoverable amount, an impairment of goodwill of \$1,506,346 (MYR 4.5 million) was recorded during the prior year.

The Group initially recorded the goodwill of Arte Mobile Technology Pte. Ltd in 2015 and subsequently impaired \$13 million and \$855,000 in 2017 and 2019, respectively. Due to the lack of operations for the current year, no future plans from management for this entity, and the absence of any management cash flow projections to determine the recoverable amount for this entity, an impairment of \$1,504,193 was recorded for the remaining balance of the goodwill in the prior year.

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Note 12. Current liabilities - trade and other payables

	Consolidated	
	2024	2023
	\$	\$
Trade payables	2,681,111	3,048,234
Accruals	-	16,802
Other payables	595,428	483,350
	<u>3,276,539</u>	<u>3,548,386</u>

Refer to note 18 for further information on financial instruments.

Note 13. Current liabilities - borrowings

	Consolidated	
	2024	2023
	\$	\$
Loan - Finran facility	-	2,312,321
Convertible notes payable	860,384	-
Loan - other	350,000	50,200
Insurance premium funding	34,787	-
	<u>1,245,171</u>	<u>2,362,521</u>

Refer to note 18 for further information on financial instruments.

The holder of the convertible may at any time prior elect to Convert all or part of the Convertible Note at their sole discretion. The conversion price is 2 cents per share. The convertible notes have a 12 months term and interest is payable at 18% per annum.

The "loan - other" is an interest free loan and has no fixed term of repayment.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2024	2023
	\$	\$
Total facilities		
Loan - Finran facility	-	4,500,000
Used at the reporting date		
Loan - Finran facility	-	2,312,321
Unused at the reporting date		
Loan - Finran facility	-	2,187,679

Note 14. Non-current liabilities - provisions

	Consolidated	
	2024	2023
	\$	\$
Lease make good	-	64,498

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Note 15. Equity - issued capital

	2024	Consolidated		
	Shares	2023	2024	2023
		Shares	\$	\$
Ordinary shares - fully paid	1,222,605,48	642,275,484	87,497,725	82,560,538
	<u>4</u>			

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	554,012,065		81,126,819
Issue of shares	22 December 2022	18,263,419	\$0.0450	821,850
Issue of shares	28 June 2024	70,000,000	\$0.0100	700,000
Less cost of capital raised		-	\$0.0000	(88,131)
Balance	30 June 2023	642,275,484		82,560,538
Issue of shares	20 October 2023	87,150,000	\$0.0100	871,500
Issue of shares	3 November 2023	65,000,000	\$0.0100	650,000
Issue of shares	6 November 2023	3,900,000	\$0.0100	39,000
Issue of shares	28 November 2023	200,000,000	\$0.0100	2,000,000
Issue of shares	6 December 2023	70,000,000	\$0.0100	700,000
Issue of shares	14 March 2024	50,000,000	\$0.0100	500,000
Issue of shares	22 April 2024	17,500,000	\$0.0100	175,000
Issue of shares	28 June 2024	86,780,000	\$0.1000	867,800
Less cost of capital raised		-	\$0.0000	(866,113)
Balance	30 June 2024	1,222,605,48		87,497,725
		<u>4</u>		<u></u>

Ordinary shares

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

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

Share buy-back

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

Capital risk management

The consolidated entity'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.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The consolidated entity 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. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

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Note 15. Equity - issued capital (continued)

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 16. Equity - reserves

	Consolidated	
	2024	2023
	\$	\$
Foreign currency reserve	(926,738)	(902,584)
Share-based payments reserve	1,020,833	495,520
	<u>94,095</u>	<u>(407,064)</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments \$	Foreign currency \$	Total \$
Balance at 1 July 2022	554,065	355,149	909,214
Foreign currency translation	-	(1,257,733)	(1,257,733)
Transfer to retained earnings on lapse of options	(58,545)	-	(58,545)
Balance at 30 June 2023	495,520	(902,584)	(407,064)
Foreign currency translation	-	(24,154)	(24,154)
Share based payments	525,313	-	525,313
Balance at 30 June 2024	<u>1,020,833</u>	<u>(926,738)</u>	<u>94,095</u>

Note 17. Equity - dividends

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

Note 18. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Note 18. Financial instruments (continued)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. At 30 June 2024 and 30 June 2023 the consolidated entity was not exposed to material foreign currency risk, with the vast majority of transactions being denominated in the entity's functional currency.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to material interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity.

Trade and other receivables are written off where there is no reasonable expectation of recovery. For the 2023 reporting period, receivables of iSentric Sdn Bhd, IOUPay (Asia) Sdn Bhd and PT iSentric Technology were written off. There were significant indicators that there was no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. An expense of \$20,815,475 has been recognised in the prior period.

During the current year, an impairment of \$95,997 has been recognised in relation to receivables. In addition, a reversal of a previous impairment of \$353,846 has been recognised in other income.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2024	2023
	\$	\$
Loan - Finran facility	-	2,187,679

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Note 18. 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.

Consolidated - 2024	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	3,276,539	-	-	-	3,276,539
Loan - other	-	350,000	-	-	-	350,000
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	18.00%	860,384	-	-	-	860,384
Insurance premium funding	4.79%	34,787	-	-	-	34,787
Total non-derivatives		4,521,710	-	-	-	4,521,710

Consolidated - 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	3,458,386	-	-	-	3,458,386
Loan - other	-	50,200	-	-	-	50,200
<i>Interest-bearing - fixed rate</i>						
Lease liability	4.04%	244,841	26,360	-	-	271,201
Loan - Finran facility	6.00%	2,312,321	-	-	-	2,312,321
Total non-derivatives		6,065,748	26,360	-	-	6,092,108

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 19. Key management personnel disclosures

Compensation

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

	Consolidated	
	2024	2023
	\$	\$
Short-term employee benefits	<u>275,833</u>	<u>710,629</u>

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Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Connect National Audit , the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2024	2023
	\$	\$
<i>Audit services - Connect National Audit</i> Audit or review of the financial statements	<u>60,000</u>	<u>40,000</u>
<i>Audit services - McMillan Woods</i> Audit or review of the financial statements	<u>46,616</u>	<u>44,813</u>
<i>Audit services - unrelated firms</i> Review fee for December 2022 paid to Mark Schiliro & Associates (MNSA) Pty Ltd	<u>-</u>	<u>14,172</u>

Note 21. Contingent assets and liabilities

The board are aware of certain claims and allegations relating to the possible misappropriation of Ovanti funds.

After detailed investigations, interviews and various meetings with relevant individuals, lawyers and consultants, the board have agreed to a framework, outlined by our advisors, to pursue and potentially recover funds on behalf of Ovanti shareholders.

The board continues to work with our advisors to determine the magnitude of potentially recoverable funds and will continue to update the market accordingly as further information comes to hand. The board remains vigilant in ensuring that any expected recovery costs still allow for an acceptable overall return to shareholders based on the probability and likelihood of recovery against those costs.

The Company notes as a contingent asset the potential prospect of recovery of funds through litigation and other recovery action (including claims against insurers) of RM \$73,097,534.43 (equivalent to AUD \$25,733,176.45). Further, the Company notes as a contingent liability the maximum theoretical downside exposure of RM \$51,710,000 (equivalent to AUD \$18,188,651.46), the majority of which is attributed to a nuisance suit with extremely low prospects. In that suit, even in the event of an adverse judgement against the Company, the expectation is that the quantum sort would be significantly adjusted. Therefore, the Company in actions it is defending does not anticipate maximum downside risk in the event of adverse judgements of in excess of AUD \$2,000,000.00.

Note 22. Commitments

The consolidated entity had no commitments at 30 June 2024 and 30 June 2023.

Note 23. Related party transactions

Parent entity

Ovanti Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 25.

Associates

Interests in associates are set out in note 9.

Identification of related party transactions

Management evaluates and understands the related party transactions of the consolidated entity by sending annual related party confirmations to the directors of its parent entity and its subsidiaries. As of the date of this report, there are directors who have not responded to the confirmations, and management has been unable to reach some of the directors. Management remains active in following up on this confirmation process.

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Note 23. Related party transactions (continued)

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2024	2023
	\$	\$
Payment for goods and services: Management fees payable to Finran Pty Ltd (an entity related to Joshua Quinn and Daler Fayziev)	161,532	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2024	2023
	\$	\$
Current payables: Fees payable to directors and related entities	130,226	-

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

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

Note 24. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	\$	\$
Loss after income tax	<u>(4,743,100)</u>	<u>(72,917,814)</u>
Total comprehensive income	<u>(4,743,100)</u>	<u>(72,917,814)</u>

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Note 24. Parent entity information (continued)

Statement of financial position

	Parent	
	2024	2023
	\$	\$
Total current assets	69,356	1,624,203
Total assets	1,056,925	1,624,203
Total current liabilities	1,714,197	3,000,875
Total liabilities	3,716,420	5,003,098
Equity		
Issued capital	138,701,865	133,764,678
Share-based payments reserve	1,020,833	495,520
Accumulated losses	(142,382,193)	(137,639,093)
Total deficiency in equity	<u>(2,659,495)</u>	<u>(3,378,895)</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, 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 25. 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 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024	2023
		%	%
iSentric Sdn. Bhd.	Malaysia	100.00%	100.00%
IOU Pay (Asia) Sdn. Bhd.	Malaysia	100.00%	100.00%
Datamorph Services Sdn. Bhd.	Malaysia	100.00%	100.00%
PT Isentric Technology Indonesia	Indonesia	100.00%	100.00%
Arte Mobile Technology Pte. Ltd.	Singapore	100.00%	100.00%
iSentric Australia Pty. Ltd	Australia	100.00%	100.00%
Sibu Kurnia Marine Sdn Bhd	Malaysia	100.00%	100.00%
OVT Australia Administration Pty Ltd	Australia	100.00%	-

Ovanti Limited
(Formerly known as IOU Pay Limited)
Notes to the financial statements
30 June 2024

Note 26. Events after the reporting period

On 6 August 2024, the company issued 300,000,000 fully paid ordinary shares raising \$1,200,000 before costs.

On 19 September 2024, the company issued a further 33,742,859 fully paid ordinary shares raising \$134,971 before costs.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 27. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2024	2023
	\$	\$
Loss after income tax expense for the year	(5,948,034)	(36,345,472)
Adjustments for:		
Depreciation and amortisation	21,138	648,117
Net Impairment loss/(reversal)	(257,849)	31,830,658
Share of profit - associates	(1,344,055)	(1,378,881)
Loss on derecognition of lease	184,898	-
Gain on loss of control of subsidiary	-	(92,617)
Non cash interest	66,715	12,321
Shares issued to settle creditors	46,500	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	469,977	(2,499,938)
Decrease/(increase) in contract assets	630,353	(167,867)
Decrease in income tax refund due	-	7,724
Decrease in other operating assets	10,810	597,337
Increase/(decrease) in trade and other payables	(160,255)	1,718,402
Decrease in contract liabilities	(55,445)	(384,860)
Decrease in provision for income tax	-	(40,249)
Decrease in other provisions	(64,498)	(246,996)
Net cash used in operating activities	<u>(6,399,745)</u>	<u>(6,342,321)</u>

Note 28. Earnings per share

	Consolidated	
	2024	2023
	\$	\$
Loss after income tax attributable to the owners of Ovanti Limited	<u>(5,948,034)</u>	<u>(36,345,472)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>927,334,117</u>	<u>563,902,612</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>927,334,117</u>	<u>563,902,612</u>
	Cents	Cents
Basic earnings per share	(0.64)	(6.45)
Diluted earnings per share	(0.64)	(6.45)

Ovanti Limited
(Formerly known as IOU Pay Limited)
Notes to the financial statements
30 June 2024

Note 29. Share-based payments

During the year 70,000,000 options were issued to brokers as remuneration for their services.

Set out below are summaries of options granted under the plan:

	Number of options 2024	Weighted average exercise price 2024	Number of options 2023	Weighted average exercise price 2023
Outstanding at the beginning of the financial year	-	\$0.0000	-	\$0.0000
Granted	<u>70,000,000</u>	\$0.0218	-	\$0.0000
Outstanding at the end of the financial year	<u>70,000,000</u>	\$0.0218	-	\$0.0000
Exercisable at the end of the financial year	<u>70,000,000</u>	\$0.0218	-	\$0.0000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.99 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	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28/06/2024	28/06/2027	\$0.0160	\$0.0150	80.00%	-	4.10%	\$0.009
28/06/2024	28/06/2027	\$0.0160	\$0.2000	80.00%	-	4.10%	\$0.008
28/06/2024	28/06/2027	\$0.0160	\$0.0250	80.00%	-	4.10%	\$0.007

Ovanti Limited
(Formerly known as IOU Pay Limited)
Directors' declaration
30 June 2024

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 1 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 2024 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



David Halliday
Non-Executive Chairman

30 September 2024

**Independent Auditor's Report
To the Members of Ovanti Limited
Report on the Audit of the Financial Report**

Opinion

We have audited the accompanying financial report of Ovanti Limited (the “consolidated entity”), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors’ declaration of the consolidated entity as set out on page 41 and the consolidated entity disclosure statement.

In our opinion the financial report of Ovanti Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the entity’s financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the consolidated entity, would be in the same terms if given to the directors as at the time of this auditor’s report.

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

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.

Key Audit Matter	How our audit addressed the key audit matter
-------------------------	-----------------------------------------------------

Review Investment in Associates in accordance with AASB 128 / AASB 9	
<p>The Group acquired a 21% equity interest, total \$21m (RM\$63m), in I-Destinasi Sdn Bhd, a specialised Malaysian finance company, on 30 November 2021.</p> <p>In accordance with AASB 128 and AASB 136, after applying the equity method, management determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. No impairment was recognised in the financial year.</p>	<p>Our procedures included amongst others:</p> <p>Reviewing the reasonableness of the management estimates in applying the equity method and determining the fair value in use for investment in I Destinasi Sdn Bhd.</p> <p>Obtaining the Discounted Cash Flow analysis and projections from management to assess critical aspects related to determination of recoverable amounts for the Cash-Generating Unit.</p> <p>Examining the discount rates applied to the Discounted Cash Flow analysis to assess its reasonableness.</p> <p>Test the arithmetic accuracy of the impairment model and assess the adequacy and completeness of disclosures related to Investment in Associates in the financial statement in accordance with AASB 128 and AASB 136.</p>

Emphasis of Matter – Material uncertainty related to going concern

The consolidated entity has incurred a net loss of \$5,948,034 for the period ended 30 June 2024 (30 June 2023: \$36,345,472). The loss in prior year included non-cash impairments expenses of \$31,830,657. For the year ended 30 June 2024 it had negative cash from operating activities of \$6,399,746 (2023: \$6,342,321). These conditions indicate a significant and material uncertainty about the consolidated entity's ability to continue as a going concern.

The directors have reviewed the cashflow forecasts for the next twelve months and believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern due to the following factors:

- Since 30 June 2024, the company has issued 333,742,859 fully paid ordinary shares raising \$1,334,971 before costs;
- The Company has received offers for its 21% stake in 1-Destinasi Sdn Bhd and negotiations to complete a transaction remain ongoing;
- The directors have also implemented a cost-reduction program across all operations to ensure the cost base is commensurate with operations. In addition, non-performing businesses have been put into run-off, resulting in capital being prioritised to ongoing operations and recovery activities;
- Cleo Capital, the Company's corporate advisor for capital raising is still mandated by the Company and has indicated ongoing support to the Company for working capital to be raised on commercial terms pursuant to the terms of Cleo Capital's mandate with the Company; and

●As an ASX listed entity, the Consolidated Entity has the ability to raise equity and has a proven track record of being able to raise capital when required.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. Our opinion is not modified in respect of this matter.

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 2024 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 consolidated entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In the basis of preparation, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the consolidated entity's ability 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 consolidated entity 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: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the financial year ended 30 June 2024.

In our opinion the Remuneration Report of Ovanti Limited for the financial year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the consolidated entity 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.

Connect National Audit

CONNECT NATIONAL AUDIT PTY LTD

Authorised Audit Company No. 521888

**ROBIN KING HENG LI CA RCA
DIRECTOR**

Date: 30 September 2024

Ovanti Limited
(Formerly known as IOU Pay Limited)
Shareholder information
30 June 2024

The shareholder information set out below was applicable as at 9 September 2024.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	1,846	0.10
1,001 to 5,000	5,935	1.02
5,001 to 10,000	2,174	1.12
10,001 to 100,000	3,378	7.20
100,001 and over	918	90.56
	<u>14,251</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>157,029,392</u>	<u>10.31</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:

	Ordinary shares	
	Number held	% of total shares issued
CLEE CAPITAL PTY LTD	293,750,000	19.29
FINRAN PTY LTD	70,000,000	4.60
FINRAN PTY LTD	52,500,000	3.45
FINRAN PTY LTD	52,500,000	3.45
MAVI HOLDINGS LIMITED	45,000,000	2.96
MR MARK JOHN WARD	42,617,600	2.80
MR BRETT PARTRIDGE & MRS CHRISTINE JOANNE PARTRIDGE	40,873,156	2.68
MR ARTHUR BROMIDIS	26,000,000	1.71
JOX HOLDINGS LIMITED	21,808,380	1.43
ROOKESBURY PTY LTD (ROOKESBURY INVESTMENTS A/C>	20,788,612	1.37
ROOKESBURY PTY LIMITED (ROOKESBURY INVESTMENTS A/C>	20,000,000	1.31
FINRAN PTY LTD	17,364,789	1.14
MR GEORGE SPIROS PAPACONSTANTINOS	17,021,350	1.12
CITICORP NOMINEES PTY LIMITED	15,516,851	1.02
MR BRETT PARTRIDGE & MRS CHRISTINE JOANNE PARTRIDGE (PARTRIDGE FAMILY S/F A/C>	12,985,216	0.85
MR LUKE CARLO ROSSI	12,708,095	0.83
MR STEVE SIVA PARAMASIVAM	12,545,943	0.82
PARTRIDGE & CLEVEN PTY LTD (PARTRIDGE FAMILY A/C>	12,000,000	0.79
FINCLEAR SERVICES PTY LTD (SUPERHERO SECURITIES A/C>	11,833,966	0.78
MR TODD DEAN & MRS DALE DEAN	10,626,914	0.70
	<u>808,440,872</u>	<u>53.10</u>

Unquoted equity securities

The company has 70,000,000 unlisted options over shares on issue that expire on 9 September 2024.

Ovanti Limited
(Formerly known as IOU Pay Limited)
Shareholder information
30 June 2024

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
CLEE CAPITAL PTY LTD	293,750,000	19.29
FINRAN PTY LTD	192,364,789	12.63

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.

Ovanti Limited
(Formerly known as IOU Pay Limited)
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
iSentric Sdn. Bhd.	Company	Malaysia	100.00%	Malaysia
IOU Pay (Asia) Sdn. Bhd.	Company	Malaysia	100.00%	Malaysia
Datamorph Services Sdn. Bhd.	Company	Malaysia	100.00%	Malaysia
PT Isentric Technology Indonesia	Company	Indonesia	100.00%	Indonesia
Arte Mobile Technology Pte. Ltd.	Company	Singapore	100.00%	Singapore
iSentric Australia Pty. Ltd	Company	Australia	100.00%	Australia
Sibu Kurnia Marine Sdn Bhd	Company	Malaysia	100.00%	Malaysia
OVT Australia Administration Pty Ltd	Company	Australia	100.00%	Australia