

ASX Announcement

9 December 2024

Issue of Tranche 2 Placement Shares and Options and Cleansing Notice

Highlights

- Second tranche of placement shares and free-attaching options issued today
- Tranche 2 raises an additional \$2 million (before costs)
- Approx. \$7.03 million (before costs) in aggregate raised under capital raising
- Funding to contribute to unlocking growth within Novatti's existing business

Novatti Group Limited (ASX:NOV) (Novatti or Company), a leading fintech enabling businesses to pay and be paid, is pleased to announce the completion of tranche 2 of its placement of fully paid ordinary shares in the Company (**Shares**) as part of the capital raising first announced to ASX on 11 October 2024 (**Capital Raising**).

Commenting on this milestone, Novatti CEO, Mark Healy, said: "Since the start of FY24, the Novatti leadership team has been focussed on the successful implementation of its turnaround strategy that is successfully simplifying the business, narrowing its focus and ultimately increasing group financial performance. This work has already delivered tangible results, with more than \$7 million in annualised cost savings implemented, with further savings to be implemented in Q2 FY25, the sale of non-core assets, the streamlining of existing business, and the exit from complex or unprofitable services.

"On the back of the work already undertaken to turnaround and simplify the business, the approximately \$7m from the Capital Raising will help Novatti start to unlock key catalysts for growth, particularly within Novatti's existing core Australian and New Zealand payments business. Funding will be applied to improve customer targeting, brand awareness, and the sale of higher yielding product mixes, among other complementary initiatives. A key target area for growth is gross margins across Novatti's core business. We have already delivered a 700-basis point increase here across FY24 to 44%, and have an FY27 target of 70%+ gross margins in place to pursue further substantial upside."

On 11 October 2024 the Company announced it would be undertaking a partially underwritten capital raising comprising a placement to professional and sophisticated investors in two tranches (**Placement**) and a pro-rata 1 for 3 non-renounceable entitlement offer to eligible shareholders (**Entitlement Offer**). Recipients of Shares under the Placement and Entitlement Offer were also offered a free-attaching 6.4 cents, 31-Dec-27 option (**Options**) on a 1:1 basis.

The first tranche of Shares under the Placement, comprising 50,612,567 Shares, were issued on 23 October 2024 within the Company's existing 15% share issue capacity pursuant to Listing Rule 7.1.

The partially underwritten Entitlement Offer closed on 19 November 2024 and raised an aggregate \$3,007,500 from accepted entitlements and shortfall subscribed for pursuant to the underwriting.

The second tranche of Shares under the Placement, comprising 50,000,000 shares, was issued today, with the issue having been approved by shareholders at the Company's Annual General Meeting held on 28 November 2024.

The Placement raised \$4,024,502 in aggregate.

The Company today also issued an aggregate of 155,852,587 Options to recipients of Shares under the Placement and to GBA Capital Pty Ltd and Ord Minnett Limited (and their nominees) in connection with lead manager and underwriting services for the Capital Raising, with these issues also having been approved by shareholders at the Company's Annual General Meeting last month.

The total funds raised by the Company under the Capital Raising is \$7,032,002. A total of 175,800,067 Shares and 231,040,087 Options were issued under the Capital Raising.

The Company will now seek quotation of the Options on ASX as a new class of securities, subject to ASX requirements.

Notice pursuant to Section 708(5)(e) of the Corporations Act 2001

The Company hereby gives notice under section 708A(5)(e) of the Corporations Act 2001 (Cth) (**Corporations Act**) in connection with the issue of the tranche 2 shares under the Placement that:

- (a) the Company issued the shares without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) as at the date of this notice, the Company has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company, and sections 674 and 674A of the Corporations Act;
- (c) as at the date of this notice there is no information:
 - (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment; and
- (d) as at the date of this notice, there is no other information that is excluded information of the type referred to in section 708(7) and 708A(8) of the Corporations Act which is required to be disclosed pursuant to section 708A(6)(e).

This announcement has been approved for release by Chairman Peter Pawlowitsch and Mark Healy, CEO.

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About Novatti Group Limited (ASX:NOV)

Novatti is a leading fintech that enables businesses to pay and be paid from any device, anywhere. From corner stores and start-ups to global organisations, our solutions will unlock your ambitions. Solutions include acquiring, billing, issuing, and processing.

Important Notices

Some of the statements appearing in this announcement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Novatti operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. No forward looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside of Novatti's control. Novatti does not undertake any obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of Novatti, its directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect views held only as at the date of this announcement. This announcement is not an offer, invitation or recommendation to subscribe for, or purchase, securities by Novatti. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision. By reviewing or retaining this announcement, you acknowledge and represent that you have read, understood and accepted the terms of this important notice.