

ASX Announcement

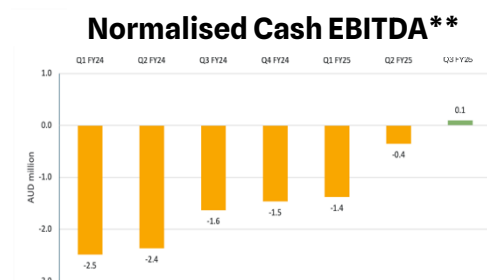
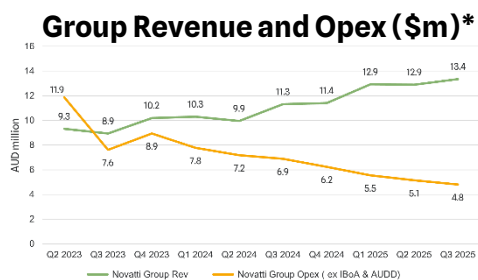
30 April 2025

March 2025 Quarter Activities Report and Appendix 4C¹

Positive cash EBITDA goal achieved in next turnaround milestone²

Highlights

- Positive cash EBITDA for Q3 FY25 – \$100k³
- \$13.4m record quarterly revenue - up 18%+ YoY
- 6% QoQ increase in Payments AU/NZ quarterly margin to 52%, heading toward 70% target
- \$1.4m reduction in net operating cash use QoQ
- Brand refresh launched and driving new sources of inbound leads
- Focus on securing larger scale commercial wins to drive ongoing growth
- \$3.9m cash available at end of Q3 FY25



Novatti Group Limited (ASX:NOV) (Novatti or the Company), a leading fintech enabling businesses to pay and be paid, is pleased to release its March 2025 quarter (Q3 FY25) Activities Report and Appendix 4C.

Commenting on the Company's Q3 FY25 performance, Novatti CEO, Mark Healy, said:

“Q3 FY25 marked the next significant milestone in Novatti’s turnaround, by delivering quarterly positive normalised cash EBITDA.⁴ Reaching this milestone is the result of executing the turnaround strategy that was implemented at the start of FY24 and reinforces our commitment to doing what we say we will do.

“At the same time, the business overall continues to grow, with Q3 FY25 seeing Novatti’s strongest ever quarter of revenue at \$13.4m, an increase of more than 18% YoY. It is important to reiterate that across this same YoY period, quarterly operational expenses

¹ All figures throughout this document related to the March 2025 quarter and FY25 remain unaudited unless stated otherwise.

² Normalised cash EBITDA and excludes historic creditor liabilities and IBoA and AUDD Stablecoin

³ Normalised cash EBITDA and excludes historic creditor liabilities and IBoA and AUDD Stablecoin

⁴ Normalised cash EBITDA and excludes historic creditor liabilities and IBoA and AUDD Stablecoin

* Normalised excluding COGS and expenses associated with investments in IBoA and AUDD Stablecoin

** Normalised cash EBITDA and excludes historic creditor liabilities and IBoA and AUDD Stablecoin

also fell 30%, highlighting the now clearly diverging paths between increasing revenue and decreasing costs.⁵

“The bottom line contribution from this revenue is also increasing, as margins in our core Payments AU/NZ business improved 6% on the prior quarter to reach 52%, the strongest ever quarterly result, and again highlighting the positive impacts of our year-long restructuring program. While this latest result presents a record, we believe there is plenty of room to grow here and remain committed to achieving our longer term, 70%+ gross margin target.

“This increase in margins also contributed to net operating cash use decreasing by a significant \$1.4m for the quarter to \$2.2m, while noting that this figure is still impacted by the ongoing removal of legacy liabilities, as we strengthen Novatti’s balance sheet moving forward and pivot back to growth. On a normalised basis, the Company recorded positive cash EBITDA in Q3 FY25 of \$100k and is aiming to remain positive in Q4 FY25.⁶

“This pivot back to growth will be supported by the launch and go-live of Novatti’s brand refresh during the quarter, which is repositioned directly to our AU/NZ value proposition, reinforced by our market-led focus to ultimately create stronger commercial traction. This refresh is already having the desired effect, producing positive customer and market feedback through clarity of our position and offering, and resulting in new sources of inbound leads, particularly in high margin services such as card issuing.

“A second benefit of Novatti’s brand refresh is that it provides our team with a much stronger value proposition to chase larger commercial opportunities. This was a key focus for the March quarter, as we build on the significant commercial wins secured in recent quarters, including a tier one Australian telecommunications company renewing a multi-year service agreement and the contract to enhance the voucher payment offering for a major Asia-based global airline. These types of opportunities are increasingly of the size and scale that Novatti can target, backed by its strong integrated service offering.

“Again, achieving positive normalised cash EBITDA represents another significant milestone in the delivery of Novatti’s turnaround. Above all else, it highlights our commitment to doing what we say we will do. In the quarters ahead, there is more work to be done in streamlining the business however, the results from Q3 FY25 highlight systematic strategy execution and continued progress in improving Novatti’s financial performance, which will only be further strengthened as we increase our focus on growth.

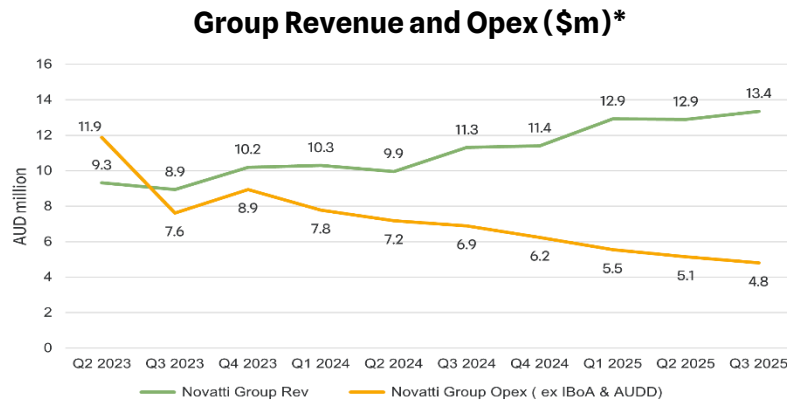
⁵ Normalised excluding COGS and expenses associated with investments in IBoA and AUDD Stablecoin

⁶ Normalised cash EBITDA and excludes historic creditor liabilities and IBoA and AUDD Stablecoin

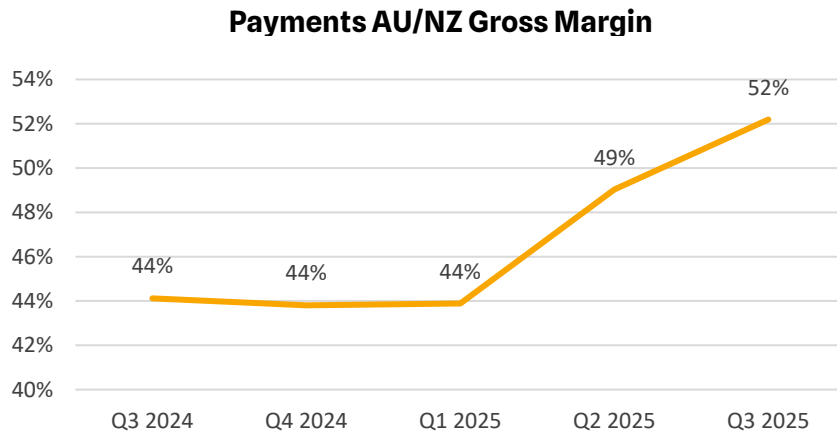
Operations Update

Business performance

Novatti saw another quarter of record revenue at \$13.4m, an increase of 18% YoY. This growth continues to be maintained despite quarterly operational expenditure falling by 30% over the same period, highlighting the underlying operating leverage in the business.⁷



Gross margins in Novatti's core Payments AU/NZ business increased 6% QoQ to 52%, which is the strongest ever quarterly performance. Here, Novatti is making strong progress towards achieving its three-year target of 70%+ margins, with initiatives underway to continue to unlock improvement internally within the business.

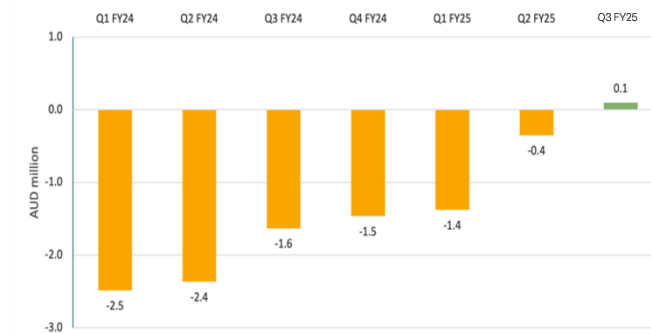


⁷ Normalised excluding COGS and expenses associated with investments in IBoA and AUDD Stablecoin

* Normalised excluding COGS and expenses associated with investments in IBoA and AUDD Stablecoin

Novatti achieved positive normalised cash EBITDA for Q3 FY25 of \$100k.⁸ This marked a significant milestone in Novatti's turnaround and highlights the benefits starting to flow from Novatti's year-long cost reduction and restructuring programs, alongside the continued growth being delivered across the business.

Normalised Cash EBITDA**



A core operational focus for Q3 FY25 was the launch of Novatti's brand refresh and new website. This refresh is already delivering on its intended outcomes, with enhanced clarity of messaging and value proposition leading to new inbound leads while also providing Novatti's sales team with a stronger basis to pursue larger commercial opportunities. This was a particularly key focus for Q3 FY25, with Novatti's team spending considerable time building traction on several larger-scale commercial opportunities.

At the same time, we continue to remove any remaining impediments to customer onboarding to help streamline this process. In particular, we continue to switch and upgrade service providers to provide a better overall customer experience, with these efforts expected to particularly benefit the onboarding of the 500 merchant acceptance pipeline identified at the beginning of FY25, with merchants onboarded moving towards 50%.

Cash use for the quarter dropped \$1.4m to a total of \$2.2m. While the decrease overall is substantial, it continues to be impacted by the ongoing focus on removing legacy liabilities, which are declining, and strengthening Novatti's balance sheet overall. This strategy is ultimately being pursued to provide a clean balance sheet alongside Novatti's pivot back to growth.

At the end of Q3 FY25, Novatti held \$3.9m cash available.

Investments and Business Portfolio Update

Novatti's strategic review of all business units and subsidiaries remains ongoing, with the intention of simplifying the business, optimising or divesting activities that do not align with Novatti's long term strategic, financial and margin goals. This includes current active communication with parties interested in acquiring non-core assets.

⁸ Normalised cash EBITDA and excludes historic creditor liabilities and IBoA and AUDD Stablecoin

** Normalised cash EBITDA and excludes historic creditor liabilities and IBoA and AUDD Stablecoin

AUDC Pty Ltd, Novatti's majority-owned and self-funding stablecoin business, continued to scale AUDD's infrastructure in Q3 FY25. AUDD went live on the Hedera network, marking a key milestone in its multi-chain strategy and unlocking two grant milestone payments. AUDC also secured a strategic ecosystem and liquidity support agreement with XDC Networks to expand AUDD's role in trade finance and on-chain financial infrastructure and support the growing import/exporter growth opportunities.

AUDD was selected for integration in up to three pilot use cases under the DFCRC's Project Acacia, with a strong focus on commercialisation outcomes. These will be supported by a new partnership with Fireblocks for digital asset custody solutions. To enhance resilience and trust, AUDC has progressively onboarded additional banking partners to support AUDD's fiat reserve infrastructure and fiat on and off ramps. A focus on regulatory engagement continued, with formal preparations underway for an AFSL application in anticipation of Treasury's forthcoming stablecoin framework, a response submitted to ASIC's Info225 Update consultation, and active participation in industry discussions on proposed AML/CTF reform legislation.

Listing Rule 4.7C Disclosure

In accordance with Listing Rule 4.7C, payments made to related parties and their associates are included in item 6.1 of the Appendix 4C, which incorporates directors' fees, salaries and superannuation.

Online Investor Briefing

Novatti CEO, Mark Healy, will be hosting a shareholder webcast, including quarterly results presentation and Q&A, on 30 April 2025, at 11.00am (AEST). Investors can register at: <https://novatti.com/investor-briefing>.

Novatti invites investors to keep up-to-date with company news, events and industry research by joining the Novatti mailing list at <https://www.novatti.com/subscribe>

Investors can view all Novatti announcements at: <https://www.novatti.com/asx-announcements>

This announcement has been approved for release by Mark Healy, CEO and the Board.

For further information, contact:

Mark Healy
CEO
Novatti Group Limited
investorrelations@novatti.com

About Novatti Group Limited (ASX:NOV)

Novatti is a leading Australian payments company. Established in 1995, Novatti provides a single destination for all payment needs in a fast-changing, digital world. From fintechs to corporates, Novatti simplifies and supports our customer payment needs through tailored online, in person, international and card solutions.

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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Novatti Group Ltd

ABN

98 606 556 183

Quarter ended ("current quarter")

31 March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	28,752	82,799
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(27,009)	(75,959)
(c) advertising and marketing	(36)	(108)
(d) leased assets	-	-
(e) staff costs	(3,079)	(11,934)
(f) administration and corporate costs	(1,133)	(5,558)
1.3 Dividends received	-	-
1.4 Interest received	272	964
1.5 Interest and other costs of finance paid	(54)	(201)
1.6 Income taxes paid	(4)	(20)
1.7 Government grants and tax incentives	134	402
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(2,157)	(9,615)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(79)	(127)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5.1	Cash reduction from disposal of IBOA Group Holdings Pty Limited ("IBOA")	-	(4,877)
2.5.2	Proceed from disposal of IBOA	-	2,869
2.6	Net cash from / (used in) investing activities	(79)	(2,135)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities	50	7,082
3.1.1	Proceeds from issues of equity securities of IBOA	-	1,103
3.1.2	Proceeds from issues of equity securities of the AUDC	-	169
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(762)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(230)	(871)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(149)	(303)
3.10	Net cash from / (used in) financing activities	(329)	6,418

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,251	9,469
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,157)	(9,615)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(79)	(2,135)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(329)	6,418
4.5	Effect of movement in exchange rates on cash held	243	(208)
4.6	Cash and cash equivalents at end of period	3,929	3,929

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,929	6,251
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,929	6,251

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (convertible notes)	3,118	3,118
7.4	Total financing facilities	3,118	3,118
7.5	Unused financing facilities available at quarter end		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Novatti Group Limited issued a convertible note facility in the amount of \$3.50m. The first tranche of the convertible note facility was issued on 3rd January 2024 to the value of \$1.46m and the second tranche issued on 14th February 2024 to the value of \$2.04m and subsequently \$382k was converted to shares with current balance being \$3.118m.</p> <p>The Convertible Notes have a \$1.00 face value, a coupon of 10% per annum and a maturity date of 22 December 2026. They are convertible into Shares at a conversion price of the lower of \$0.06 and the next equity capital raising price, subject to a floor price of \$0.04. During the quarter ended 31 December 2024, \$370,000 was converted into ordinary shares. Current balance is \$3,118,000.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,157)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,929
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,929
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.82
	<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: No. In the December quarter the estimated number of quarters of funding was 1.76, and at the end of March it is 1.82, this increase has occurred without any additional capital being bought into the Company. The increase is due to the Company efforts on continuously reducing costs and increasing revenue to reach operating cash positive. This will continue over coming quarters and is additionally supported by divestment of non-core assets within the portfolio.</p>	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: No

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, refer to 8.6.1

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2025

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.