

ASX Announcement

15 August 2022

\$10.5m in new growth funds to unlock larger markets

Highlights

- \$10.5m in new funding committed via a corporate bond issue
- Supports growth in core payment processing business and capital for proposed banking business
- Leverages strong balance sheet to continue growth without diluting share capital

Novatti Group Limited (ASX:NOV) (Novatti or Company), a leading fintech enabling businesses to pay and be paid, is pleased to announce that it has secured commitments for \$10.5m in new growth funds through a corporate bond issue.

As flagged in its June quarter update, Novatti has been considering ways to unlock further growth funds, including by leveraging its assets to avoid shareholder dilution.

The \$10.5m in new funding will enable Novatti to unlock new and larger market opportunities as well as increased transaction volumes. The primary purpose of the bond issue is to support collateral requirements from industry partners and banks as Novatti grows.

The new funding follows Reckon's announcement of its first half year results on 09 August 2022 including a 3 cent dividend realising circa \$675k for Novatti and the further detail of a special dividend in the range of 54 cents to 58 cents for which Novatti could expect to receive circa \$12.5m.¹

This bond issue was arranged by BCI Australia Pty Ltd (**BCI**) and has been fully subscribed to by institutional investors. BCI will receive transaction fees of 3.5% of the bond offer proceeds plus customary out of pocket, trustee and Austraclear fees and expenses.

The bonds are secured and will be issued for a fixed term of five years from the date funds are received by Novatti, with interest at 90 day BBSW plus 650bps. Completion of the issue occurred on 12 August 2022.

Novatti's Managing Director, Peter Cook, said: "This \$10.5m in new funding will enable Novatti to further its growth by taking on new and larger markets and transaction volumes and support its funding for the bank licence, where we remain confident of progress being made in securing final approvals."

¹ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02551077-2A1389693?access_token=83ff96335c2d45a094df02a206a39ff4

“Importantly, these funds and the circa \$12.5m special dividend we expect to receive from Reckon Limited, will enable Novatti’s business to continue to expand without diluting existing share capital. Our focus on becoming cashflow positive continues.”

“This bond issue highlights the strength of Novatti’s existing business and future prospects and was fully taken up by institutional investors.”

This announcement follows some of Novatti’s other recent growth-focused achievements, including:

- \$32.5m in FY22 sales revenue – an increase of 97%²
- 48% reduction in cash used in the June quarter, with the shift to positive cashflow underway
- Integration into Reckon Limited’s products now generating revenue
- Successful integration of fintech ATX, with an immediate positive financial impact

Key terms

- 5 years
- Non-amortising with a bullet payment at maturity
- Senior secured notes – Novatti provides security over the assets and undertakings of the Novatti Group as collateral for the bonds, including its shareholding in Reckon Limited
- \$10.5m face value
- Floating rate coupon set quarterly at 90 day BBSW + 650 bps

Ends

Investors can view all Novatti announcements and join the discussion at Novatti's Investor Community Hub at: <https://announcements.novatti.com/>

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This announcement has been approved for release to the ASX by Peter Cook, Managing Director.

² All figures throughout this document related to the June quarter and FY22 remain unaudited unless stated otherwise.

Novatti

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 startups to global organisations, our solutions will unlock your ambitions. Solutions include issuing, acquiring, processing, and billing, while Novatti has also applied to APRA for a restricted banking licence through its subsidiary Novatti IBA Pty Ltd.