

ASX Announcement

16 November 2023

Sale of Reckon Shares; Redemption of \$10.5m Bond Facility

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 agreed the sale of its stake in Reckon Limited (ASX:RKN) (**Reckon**) and will redeem and fully repay its \$10.5m corporate bond facility as part of the Company's ongoing strategy to streamline its business.

Sale of Reckon shares

Novatti has agreed to sell its 19.9% holding in Reckon at \$0.40 per share for an aggregate price of \$8.9m. Novatti acquired these shares in July 2021¹, receiving dividends as shareholder since that purchase including a \$12.8m special dividend in November 2022². Settlement of the sale is expected to occur on 17 November 2023.

Redemption of \$10.5m bond

In August 2022³, the Company announced a \$10.5m 5-year corporate bond issue arranged by BCI Australia Pty Ltd that was fully subscribed by institutional investors and secured over Novatti's Reckon shares, among other assets of the business.

With the consent of those investors, Novatti will redeem the bonds prior to their maturity and fully repay the debt facility using proceeds of the sale of Reckon shares and part of the \$3.6m in cash currently held in a deposit account as security for the debt.

The balance of approx. \$1.5m of cash in that account will be released to Novatti as working capital funds.

Interest payment savings

Interest payments of approx. \$1.1m per year will be saved as a result of the early redemption of the bonds, contributing to the Company's aim of achieving positive operating cashflow.

Ongoing commercial partnership with Reckon

The current commercial partnership with Reckon will continue, introducing embedded payments to an increasing number of Reckon customers and revenues for both companies.

¹ ASX announcement dated 13 Jul 2021, *Completion of acquisition of strategic stake in Reckon Limited*

² ASX announcement dated 22 November 2022, *\$12.8m special dividend received further strengthening balance sheet*

³ ASX announcement dated 15 Aug 2022 *\$10.5m in growth funds to unlock larger markets*

Novatti strategy

Novatti will continue to streamline its operations with a focus on simplification of the business portfolio, scaling the Payments AU/NZ business whilst improving margins and controlling costs.

Novatti's balance sheet and cashflow will more accurately reflect the ongoing business operations following the sale of the Reckon holding and redemption of the bonds.

This announcement has been approved for release to the ASX by the Board of Directors.

Ends

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

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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, processing and banking (via International Bank of Australia Pty Ltd (IBOA) under a Restricted Authorised Deposit-taking Institution licence).