

ASX Announcement

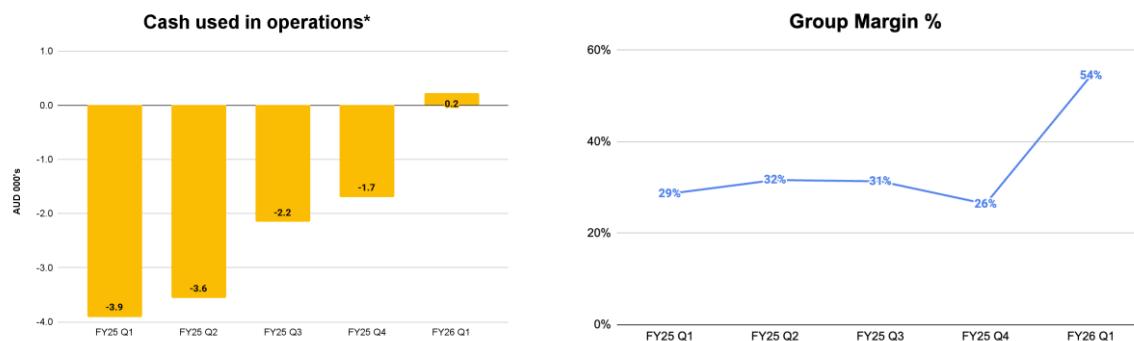
31 October 2025

September 2025 Quarter Activities Report and Appendix 4C

Positive operating cashflow achieved as metrics move toward long term financial goals

Highlights

- Positive operating cashflow milestone reached - \$0.2m
- Positive EBITDA - \$0.1m
- Available cash increases \$1m to \$3.6m
- Quarterly group margin up 100% after revenue base reform
- Payments AU/NZ margin 50%, continuing long term growth trend
- New commercial deals – further contracts secured with tier one telco and global airline



*Reflects Net cash from / (used in) operating activities
(as reported in quarterly 4C)

Novatti Group Limited (ASX:NOV) (Novatti or the Company), a payments leader bridging traditional payments and regulated digital finance, is pleased to release its September 2025 quarter (Q1 FY26) Activities Report and Appendix 4C.

Commenting on the Company's Q1 FY26 performance, Novatti CEO, Mark Healy, said:

“Q1 FY26 highlights the implementation of Novatti’s turnaround strategy, with key financial metrics continuing to progress towards Novatti’s long term financial targets. This includes Novatti delivering the significant milestone of positive quarterly operating cashflow during the quarter alongside positive EBITDA.

“The benefits of the continued reform of Novatti’s revenue base are playing a significant role here, with the benefits clear through these results. As an example, during the quarter Novatti completed the exit of a low-margin service to an overseas customer. While this service provided consistent revenue, it provided a margin contribution of 2% and no opportunity for improvement. Exiting this service alongside continued revenue

streamlining saw Novatti's group margin increase more than 100% to 54%, highlighting the drag this was previously having on Novatti's performance. This increase to 54% also highlights the rapid progress now being made towards reaching Novatti's long term target of 70% margins.

"Through our pivot back to growth, we have already closed multiple new commercial deals, including new or extended services for existing tier one customers. We are also now unlocking key drivers of Novatti's future financial performance in the Au/NZ business. For example, Issuing saw 42% growth in cards issued and sponsored in FY25 following a focused sales effort, with this business line now firmly moving from negative EBITDA in FY23 to positive EBITDA across both FY24 and FY25.¹ Our attention has now turned to delivering the same levels of structural growth from the Acquiring business, having now migrated all customers onto our new platform.

"The quarter finished with a key milestone of seeing AUDD list on Coinbase, becoming the first Australian Dollar stablecoin to do so. As AUDD gains stronger traction in market, Novatti continues to be exposed to any future upside here through its 57% interest in its issuer, AUDC Pty Ltd. This is just one example of the potential growth upside that Novatti has ahead of it.

"After working steadfast on Novatti's turnaround strategy since the beginning of FY24, the results from Q1 FY26 highlight how these initiatives are flowing directly through to Novatti's financial results. Novatti is now on the path to achieving its long-term financial targets, with significant progress already made. This progress will only benefit from our pivot back to growth, our clear and sustained focus on margin contribution, and the continued streamlining and delivery on the Au/NZ strategy. Our commitment remains to continue to do what we say we will do and deliver Novatti's long term financial targets."

Operations Update

The business performed strongly across Q1 FY26, with several key financial metrics aligning to Novatti's long term target focus, including:

- \$0.2m positive operating cashflow
- \$0.1m positive EBITDA
- \$1m increase in available cash to \$3.6m at the end of the quarter



*Reflects Net cash from / (used in) operating activities (as reported in quarterly 4C)

¹ Excluding corporate overheads

Revenue reform flows through to margin growth

Q1 FY26 saw strong improvements in Novatti's group margin, with an increase of more than 100% on the prior quarter to 54%. Specifically within Novatti's core Payments AU/NZ business, margins continued their long-term improvement trend, reaching 50% for the quarter. These figures align with Novatti's longer term target of 70%+ margins.

A significant contributor to the group level margin growth has been the continued reform of Novatti's revenue base, including the removal or exit of high-cost, complex and low margin services. The benefits of this approach were evident in Q1 FY26, as Novatti completed the exit of one such low margin service to an overseas customer. While this service provided consistent revenue, the margin contribution from ~\$6m of quarterly revenue was only 2%, providing a drag on overall performance.



Growth pivot traction

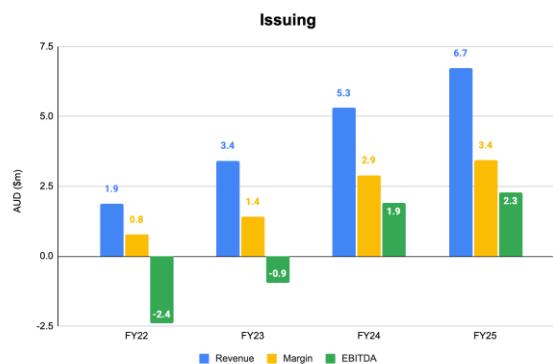
In line with Novatti's pivot back to growth, the Company has secured a number of new commercial deals. Importantly, many new deals include the provision of new or extended services for existing tier one customers, highlighting deepening relationships and opportunities for cross-selling, including within Acquiring.

Recent deals and activities include:

- Tier one Australian telco – following the renewal of services in FY25, Novatti has also now been successful in winning a further contract to provide this same telco with upgraded prepaid voucher systems
- Global airline – following the successful delivery of a digital voucher program, Novatti has secured a contract to enhance this program to include the distribution of third-party vouchers
- Major NSW university – onboarded with payments taking place for student tuition and accommodation through Asia wallets
- Partnership – with marketing company providing marketing, engagement and payment solutions for hospitality and tourism businesses
- Key account growth – a new order for 20,000 cards to support a NZ telecommunications company within an existing card management program

Many of these deals have followed a focused sales effort across FY24 within Novatti's Issuing business, particularly leveraging Novatti's successful brand refresh. The traction Issuing is now obtaining in market is clear from its recent performance, including:

- 42% YoY growth in cards issued and sponsored in FY25
- Record total number of cards issued and sponsored in a financial year
- 39% YoY growth in Issuing gross transaction value in FY25



*Unaudited and excludes allocation of corporate overheads

As highlighted in the above chart, this business line is now firmly EBITDA positive and growing steadily.

Novatti is now focused on driving similar sales traction and growth in its Acquiring business. This business will be greatly benefited by the shift in processing partner previously reported, which had led to disruption in onboarding new customers in FY25, while ultimately enabling increased margins moving forward.

The onboarding of customers to the new platform has now been completed and Novatti is now allocating resources to drive sales within Acquiring, now with the capability and platform to replicate the recent success seen in Issuing.

Investments and Business Portfolio Update

During the quarter, AUDD became the first Australian Dollar Stablecoin to go live on Coinbase. This followed the signing of a strategic partnership between Coinbase and the issuer of AUDD, AUDC Pty Ltd ("AUDC").

The rapid and growing adoption of AUDD reflects its accelerating use in digital payments and decentralised finance (DeFi) applications.

Novatti continues to be exposed to any further upside in AUDD's use and adoption through its 57% interest in AUDC. Novatti's interest in AUDC is valued at \$7m based on pricing for AUDC's seed round announced in August 2025 and again validates Novatti's incubation of AUDD.

Executive Management Update

Novatti's interim CFO, Hayden Vowell, will conclude his 6 month fixed term contract in early November. The Company would like to thank Hayden for his strong contribution to the Company during the end of financial year and reporting period and its pivot back to growth.

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.

Ends

Online Investor Briefing

Novatti CEO, Mark Healy, will be hosting a shareholder webcast, including quarterly results presentation and Q&A, on 31 October 2025, at 11.00am (AEDT). Investors can register at: https://us02web.zoom.us/webinar/register/WN_xKidfQkzSTeCqRLzxzRrQg#/registration.

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:

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About Novatti Group Limited (ASX:NOV)

Novatti is a payments leader bridging traditional payments and regulated digital finance. 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")

30 September 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	28,253	28,253
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(22,776)	(22,776)
(c) advertising and marketing	(9)	(9)
(d) leased assets	-	-
(e) staff costs	(3,678)	(3,678)
(f) administration and corporate costs	(1,718)	(1,718)
1.3 Dividends received	-	-
1.4 Interest received	209	209
1.5 Interest and other costs of finance paid	(115)	(115)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	51	51
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	217	217
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	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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 deconsolidation of AUDC	(658)	(658)
2.5.2	Proceed from disposal of Emerson	500	500
2.5.3	Cash reduction from disposal of Emerson	(233)	(233)
2.6	Net cash from / (used in) investing activities	(391)	(391)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities	-	-
3.1.1	Proceeds from issues of equity securities of IBOA	-	-
3.1.2	Proceeds from issues of equity securities of the AUDC	927	927
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	-	-
3.5	Proceeds from borrowings	250	250
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(5)	(5)
3.10	Net cash from / (used in) financing activities	1,172	1,172

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	2,542	2,542
4.2	Net cash from / (used in) operating activities (item 1.9 above)	217	217
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(391)	(391)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,172	1,172
4.5	Effect of movement in exchange rates on cash held	25	25
4.6	Cash and cash equivalents at end of period	3,565	3,565
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	3,565	2,542
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)	3,565	2,542
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	470	470
7.2	Credit standby arrangements	-	-
7.3	Other (convertible notes)	3,118	3,118
7.4	Total financing facilities	3,588	3,588
7.5	Unused financing facilities available at quarter end		-
7.6	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>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> <p>As at 30 September, two related parties have provided unsecured loans of \$0.47m at 12% interest per annum on the principal amount which shall accrue from day to day.</p>		

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	217
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,565
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,565
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<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>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
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?	
	Answer:	

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:

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:

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.

7

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: 31 October 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.