

ASX Announcement

11 December 2023

Strategic review identifies external funding for growth initiatives

Highlights

- Ongoing strategic review identifies external funding opportunities for both International Bank of Australia (**IBOA**) and AUDD Stablecoin
- Strong interest in Series A IBOA raising
- AUDD pre-seed successfully raises \$300,000
- Both funding rounds to contribute to Novatti's mid-2024 positive operating cashflow target
- Further opportunities for portfolio optimisation and divestment expected as strategic review continues

Novatti Group Limited (ASX:NOV) (Novatti or Company), a leading fintech that enables businesses to pay and be paid, is pleased to provide an update on its ongoing strategic review to simplify its business and identify external funding opportunities for the independent development of its growth initiatives, International Bank of Australia (**IBOA**) and AUDD Stablecoin.

Importantly, these funding opportunities contribute to Novatti's mid-2024 target of achieving positive operating cashflow.

Novatti's CEO, Mark Healy said: "Since taking over as CEO, I have made it a key goal of FY24 to simplify and focus the Novatti business to pivot away from a diversified portfolio of independent businesses into a streamlined Payment Solutions company.

"A key pillar of achieving this goal has been undertaking a review of all business areas against strategic and financial goals, with the aim of identifying opportunities for portfolio optimisation and divestment.

"This process has identified opportunities for external funding in both the International Bank of Australia and AUDD Stablecoin, two of Novatti's external growth initiatives, with the objective of providing for their independent development as we streamline the Novatti business.

"Securing external capital to fund the development of these businesses will greatly contribute to Novatti's goal of achieving positive operating cashflow by mid-2024. The interest to-date highlights the continued demand and appeal in the market for these initiatives and, importantly, allows Novatti to maintain substantial exposure through its shareholdings to the growth of both businesses as they develop independently.

"This strategic review has already provided results for the Company, delivering in excess of a \$4 million saving in future interest payments following the divestment of Novatti's stake in Reckon Limited.

"The process is ongoing and we expect it to identify further opportunities for portfolio optimisation and divestment."

International Bank of Australia

IBOA is working to finalise a Series A round, with a number of investors undertaking detailed due diligence.

In parallel, IBOA continues to work on technology deployment, deposit and loan product builds and development of its policies, procedures and compliance.

Planning works with global strategic partners continue to show the significant opportunities presented by a global payments bank that is focused on the provision of borderless banking and payment services.

AUDD Stablecoin

Novatti's subsidiary AUDC Pty Ltd trading as AUDD has undertaken a pre-seed equity fundraising of \$300,000. This funding round values AUDD at \$2.7 million, with Novatti retaining a 91% equity interest. The funds were raised from two experienced fintech investors and AUDD management.

The operational success of AUDD is highlighted by its multi-chain strategy and successful launch on Stellar, Ripple XRP Ledger and Ethereum. It is planned to launch on Solana by January 2024.

AUDD has minted more than \$4 million of AUD stablecoins across the three current blockchains and currently has a circulating supply of circa \$1.5 million. The overall payment volume for AUDD exceeds \$5 million, highlighting the appetite for the AUDD stablecoin to be utilised to facilitate funds flow today. AUDD has also integrated with multiple financial services companies to enable contemporary use cases for their clients.

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

- A return to positive quarterly revenue growth at \$10.8 million in the September quarter
- Implementation of the FY24 goal to simplify and focus the business
- Ongoing strategic review already delivering results, including saving in excess of \$4 million in future interest payments
- Three year 70%+ margin target in place as gross margins from Payments AU/NZ in September quarter increased to 45% from 40% in the prior quarter

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