

ASX Announcement

24 January 2024

AUDD self-funding as pre-seed round increased to meet investor demand

Highlights

- AUDD pre-seed funding round increased to meet investor demand
- \$600k raised from industry investors and management
- Funding, expense and operations now separate from Novatti
- Follows very strong growth in AUDD usage with Circulating Supply of \$2.5m and \$25m+ in On-chain Payments Volume

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 AUDD stablecoin investment.

Novatti's subsidiary AUDD Pty Ltd (**AUDD**), the holding company for AUDD, has closed its pre-seed funding round, with \$600k raised. Novatti had previously advised that \$300k had been raised¹ but this round was increased to meet strong demand from industry partners.

The completion of this funding round results in AUDD obtaining a pre-money valuation of \$2.4m, with Novatti retaining an 80% interest.

Importantly, AUDD is no longer reliant on Novatti for funding, strengthening Novatti's positive cashflow target.

AUDD has been designed and built as a 1-for-1 fiat-backed stablecoin natively issued on multiple leading blockchain networks. AUDD is available on Stellar, Ripple (XRPL), Ethereum (ERC-20) and now Solana. AUDD aims to enable efficient payments and services to support the ongoing transition and improvement of digital finance services.

AUDD derives revenue streams from:

- Fees when an AUDD holder redeems their AUDD stablecoins for fiat currency²; and
- Interest on Assets Under Management³

¹ <https://www.novatti.com/wp-content/uploads/2023/12/Strategic-review-identifies-external-funding-for-growth-initiatives.pdf>

² Typically between 10 and 80 basis points dependent on the amount redeemed

³ Typically at or near the RBA cash rate for funds under management

These revenue streams are both growing strongly in line with growth in Circulated Supply and On-chain Payments Volume from which revenue is derived. Circulating supply is now over \$2.5m⁴ and On-chain Payments Volume to date exceeds \$25m⁵.

Executive Director Peter Cook said: "Novatti's early investment in AUDD is showing great promise. Investor support for this raise saw the round increase from \$300k to \$600k, highlighting strong market interest and enabling faster development."

Novatti's CEO, Mark Healy said: "AUDD's holding company is now self-funding, removing the operational cost from Novatti as we continue to simplify the business and pursue positive cashflow. With Novatti retaining an 80% interest in AUDD, we will continue to benefit from any upside growth."

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

- Implementation of the FY24 goal to simplify and focus the business
- Ongoing strategic review of business portfolio already delivering results, including \$4m+ saving in future interest payments and reduction in operational expenses
- Three-year 70%+ margin target in place setting the benchmark for future business performance

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).

⁴ Circulating Supply is defined as the amount of AUDD that is held by external holders

⁵ On-chain Payments Volume is defined as the lifetime value of payments that are made with AUDD, including Minting, Redemption and Wallet to Wallet transfers