

ASX Announcement

7 October 2021

Series A funding for new banking business enables plan for growth

Highlights

- \$10.5m committed in Series A funding round for Novatti's new banking business
- Enables Novatti to plan for growth in this business post obtaining regulatory approval
- Comes as consumers and investors continue to back new innovators in Australian banking

Novatti Group Limited (ASX:NOV) (Novatti or Company), a leading fintech that enables businesses to pay and be paid, is pleased to announce that it has closed the Series A funding round for its new banking business.

The Series A round will provide Novatti's dedicated banking subsidiary, Novatti B Holding Company Pty Ltd (**NBHC**), with funding to accelerate the development of this new business once its restricted banking licence is obtained from the Australian banking regulator.

In total, \$10.5m has been committed by investors, provided that regulatory approval is obtained before the end of February 2022.

In addition, Novatti has used this opportunity to acquire the \$2m equity stake in NHBC held by BC Growth Investments Pty Ltd (**BC Invest**), which was first announced to ASX as part of the seed funding round into NBHC in May 2021. The acquisition, for \$2m in cash, will result in Novatti increasing its interest in NHBC to 70% post the Series A round. The acquisition agreement included customary terms for a document of this nature.

Consumers and investors alike continue to embrace fintech-led innovation and new service offerings in Australia's banking sector. This was most recently highlighted by new SME-focused lender Judo obtaining an analyst valuation of around \$2.5b.¹

Managing Director of Novatti, Peter Cook, said: "Completing the Series A funding round for our new banking business enables us to plan for the growth of this business post regulatory approval. This is important as we want to hit the ground running to ensure we capture the strong momentum we are seeing from consumers and investors backing fintechs that can provide new and innovative banking services."

"Our new banking business remains a key pillar of our growth strategy as it will enable Novatti to offer new, value-add services to our customers while also driving increased margins."

¹ See <https://www.theaustralian.com.au/business/dataroom/judo-valued-at-between-17bn23bn-ahead-of-ipo/news-story/a8ab070ac78ab89d127d8a39a28e5874>

Novatti

CEO of NBHC, Guy Carvalho, said: "This Series A funding enables us to operate under a restricted banking licence while also working towards our longer term goal of securing a full banking licence. We are excited by the opportunity to offer the Australian market new services and will continue to work constructively with Australia's banking regulator to obtain a restricted licence."

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

- Expanding its partnership with Ripple into Thailand
- Delivering record total annual revenue of \$18.4m for FY21, an increase of 55% on FY20
- Completing a \$40m plus capital raising to expand its growth strategy
- Securing a 19.9% strategic stake in leading accounting software platform, Reckon Limited

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>

For further information, contact:

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

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. Novatti holds all necessary regulatory licences and registrations, including an Australian Financial Services Licence (No 448066) through its subsidiary Flexewallet Pty Ltd, registration in New Zealand as a Financial Services Provider (FSP613789) through subsidiary Flexewallet (NZ) Limited, and is registered with AUSTRAC as a Remittance Network Provider.