

ASX Announcement

9 June 2022

Novatti to issue Australian Dollar-backed stablecoin (AUDC) on XRP Ledger, with partnership support from Ripple

Highlights

- Novatti's new stablecoin AUDC to provide a digital representation of the Australian dollar
- AUDC to be issued on the open-source, permission-free, decentralized XRP Ledger (XRPL)
- Ripple will provide Novatti with the technical support and tools necessary to integrate AUDC with the XRPL
- AUDC will create even more ways for clients to pay and be paid through Novatti
- Availability on the XRPL increases AUDC's utility and creates the potential for new revenue streams for Novatti

Novatti Group Limited (ASX:NOV) (Novatti or Company), a leading fintech enabling businesses to pay and be paid, is pleased to announce that it is issuing a new Australian Dollar (AUD) stablecoin on the XRP Ledger (XRPL) due to its scalability, speed, and low cost. This will be done in partnership with Ripple, a leader in global enterprise blockchain and crypto solutions, and will see Ripple providing Novatti with the technical support and tools necessary to integrate AUDC with the XRPL.

Novatti's new stablecoin, called AUDC, provides a digital representation of the AUD, and is secured with a 1:1 backing of AUD fiat value. It will be integrated into Novatti's existing suite of payment solutions, providing clients with a new and innovative way to pay and be paid, while creating the potential for faster and lower cost domestic, cross-border and billing payments, as well as stablecoin-linked payment cards.

AUDC will be issued on the XRPL, an open-source, public and decentralized blockchain. Transactions on the XRPL are both fast (~3 seconds per transaction) and low cost.

This new stablecoin marks a further strengthening of Novatti's success with using the XRPL's native digital asset, XRP, for cross-border transactions. In April 2021, Novatti also tapped Ripple's On-Demand Liquidity service, which also leverages XRP, for remittances between Australia and the Philippines.

AUDC creates the potential for new revenue streams for Novatti, including conversion, transaction and merchant fees, subject to product demand. This potential will only be increased by making AUDC available across multiple networks, in a similar way to merchants increasing the potential for successful sales by accepting multiple payment methods.

Managing Director of Novatti, Peter Cook, said: “Novatti is in the business of finding innovative ways for our clients to pay and be paid. Following on from the success of utilising the digital asset XRP for cross-border payments from Australia to the Philippines last year, we once again looked to the XRP Ledger to issue Novatti’s new stablecoin, AUDC. This really highlights the value of our global payments ecosystem, which can be readily replicated and expanded to capture new and innovative opportunities to best serve our clients.”

“We strongly believe that demand for the use of digital currencies will only increase going forward. Deploying our AUDC stablecoin on the XRP Ledger will help Novatti capture this growing demand and, in turn, position us to deliver new revenue streams.”

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

- Welcoming an expected \$8m+ special dividend from its stake in Reckon Limited¹
- \$10.4m in sales revenue for the March quarter – a new record
- Successful integration of ATX, with an immediate positive financial impact
- Integration into Reckon Limited’s products, creating new potential revenue streams

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>

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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

¹ This figure is an approximation based on public information available as at the date of release of this announcement. The final amount may be lower or higher, and will be dependent upon a number of factors including the level of debt paid down by Reckon, cash retained and tax.