



Novatti Group Limited

(ASX:NOV)

June Quarter FY24 – Activities Update

31 July 2024

Novatti

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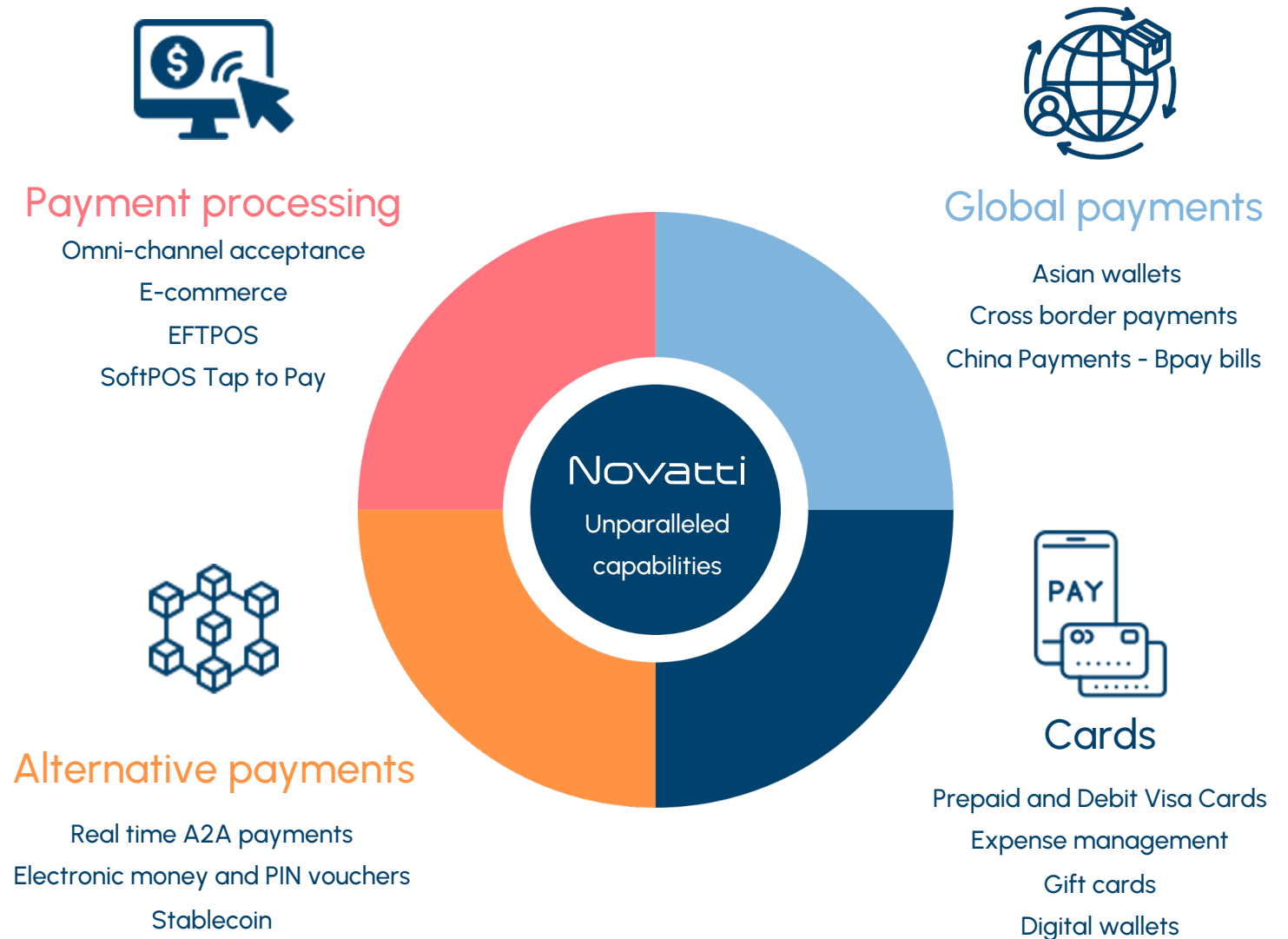
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Our purpose

We enable
businesses to
pay and be
paid



Our strategy

Transformation underway since start of FY24 – shifting from a group of independent businesses into a focused Payment Solutions business. Underpinned by **positive cashflow** and **3 year 70%+ margin targets**.



Simplify
the Business



Market Led,
Customer-Focus



Lift Financial
Performance

FY24 – Initiatives implemented

Simplify the Business



Market Led, Customer Focus



Lift Financial Performance

- Payments now core under new strategy
- Integrating the onboarding process
- Strategic review of all business areas
- Reckon Limited interest sold - \$8.9m
- IBoA interest sold - \$2.87m (Q1 FY25)

- New marketing and sales leadership
- Streamlined access to multiple products
- Established target verticals and customers
- Streamlined product sales process
- Commenced brand refresh & repositioning

- \$1.8m Q4 net operating cash reduction against Q3
- \$4m+ annual cost savings implemented in Q3 FY24
- \$3m in annualised cost savings to come in Q1 FY25
- Post sale, no further IBoA cash consumption into Q1 FY25.
- 3 year 70%+ margin target

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Q4 FY24 – turnaround impact showing*

\$1.8m

Q4 net operating cash
reduction against Q3

\$4m+

Annualised cost
reduction implemented

\$12.5m

Q4 FY24
Group Revenue
– New record

+23%

Increase in
quarterly revenue
YoY

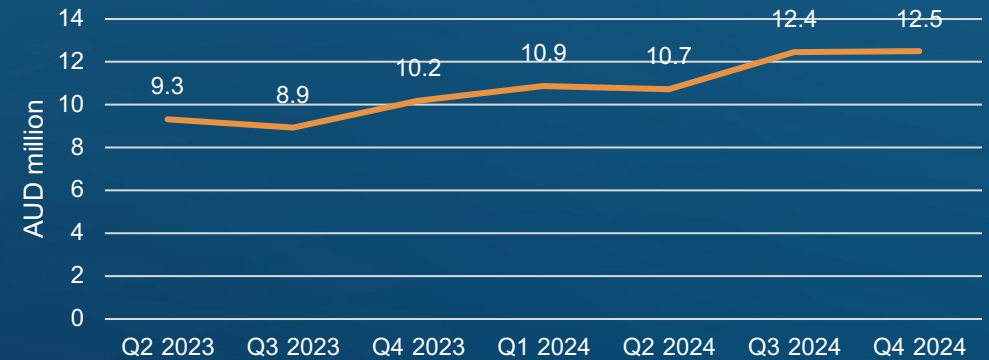
-29%

Decrease in
quarterly expenses
YoY (ex IBOA)

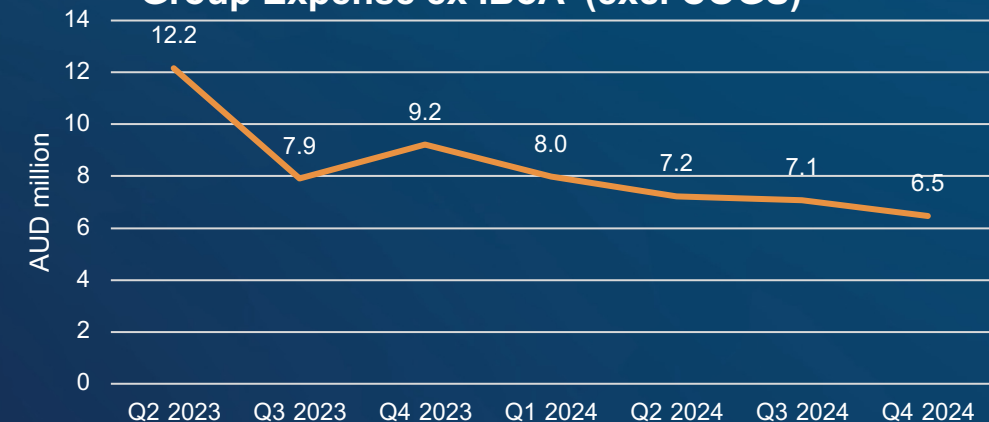
~\$8.4m

Cash at end
of Q4 FY24

Group Revenue



Group Expense ex IBoA (excl COGS)



*All figures throughout this presentation relating to Q4 FY24 and FY24 more broadly remain unaudited unless stated otherwise. References to expenses excludes cost of goods sold.

FY24 – turnaround impact clear

\$46.5m

FY24 revenue
– new record

+19%

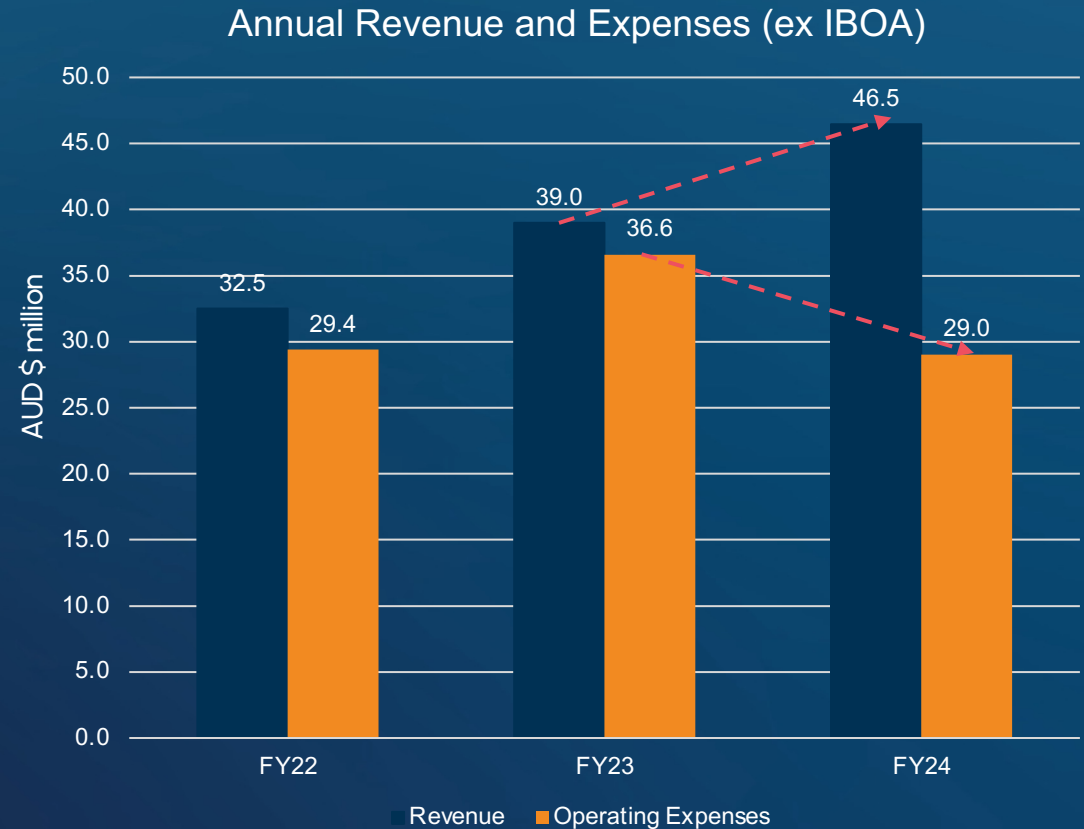
Increase
in annual
revenue

-21%

Decrease in annual
operating expenses
(ex IBOA)

-38%

Q4 YoY cash
consumption reduction



Q1 FY25 – Focused on positive cashflow target

Further cost reduction

- \$3m in annualised cost savings to come in Q1 FY25:
 - Removal of wholesale Cross Border services
 - Reduction in off-shore technology
 - Reduction in office footprint/expense
- Further optimisation and divestment decisions expected following strategic review



High margin revenue

- Targeting mid-sized merchants and integrated software partners
 - Internationals entering AU/NZ market
 - Seeking a partnership and want a high engagement, high trust relationship
 - Require a tailored payment solution
- Drive growth in mutual target verticals (e.g. education)
- Active account management – review against financial performance and risk profile

Pursuing high-margin revenue

In line with positive cashflow target, pursuing higher-margin revenue through a market led and customer focused approach.

Target verticals



Education



Accommodation



PropTech & Real Estate



Health



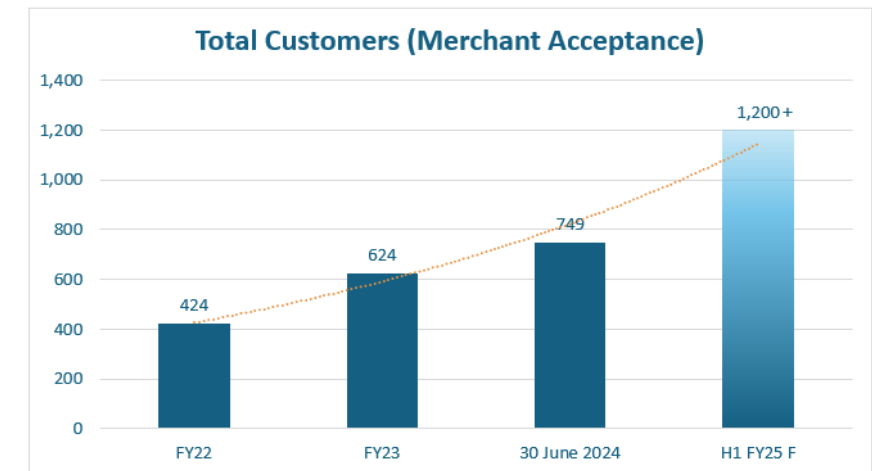
Building on Novatti strengths

- Building on a known brand and key clients within Tertiary sector
- Acquiring the key entry point to offer further payment solutions
- Leverage Asian Wallet payments targeting international students
- Channel partner approach integrating with software providers and platforms
- Potential for multiple product, solution sales



Early results

- 15% increase in merchants using Novatti acceptance across FY24
- Pipeline of 500+ new merchants scheduled by end of H1 FY25



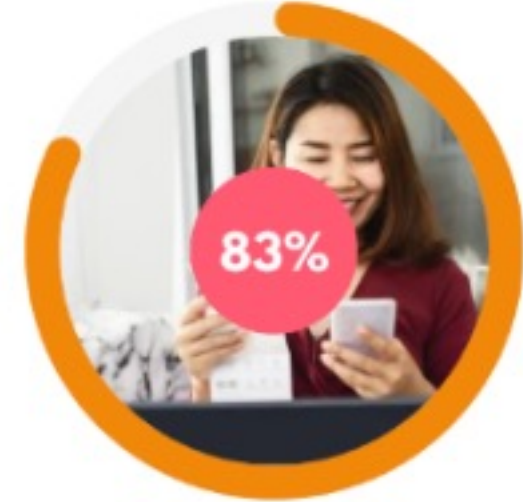
Growth opportunity ahead - Payments AU/NZ



Australian businesses believe they need to improve their payment systems







Medium and large businesses said payments are critical for their digital transformation



Businesses that invested in digital payments reported improved revenue or customer relationships

Opportunity plays to our strengths

	<div>  </div> <div> Payments AU/NZ </div> <div> Issuing Cross Border Acquiring Bill Payments </div>	<div>  </div> <div> Payments International </div> <div> Alternate Payments ATX </div>	<div>  </div> <div> Technology Solutions </div> <div> Basis 2 Emersion Enterprise Software </div>	<div>  </div> <div> Investments </div> <div> International Bank of Australia AUDD <div> Divested in July </div> </div>
Revenue (FY24)	\$13.9m	\$25.4m	\$6.1m	
Gross Margin (GM) (FY24)	\$6.2m	\$5.0m	\$5.5m	
GM Growth Rate (FY24 vs FY23)	58%	-2%	-6%	

Key growth market

Market capitalisation at 6c is ~\$21m

The path forward

- Further \$3m in annualised costs identified to be removed in Q1 FY25
- IBoA cost reduction in Q1 FY25
- Pipeline of 500+ new merchants expected to be onboarded by end of H1 FY25
- Further optimisation and divestment decisions expected following strategic review
- Novatti brand refresh and repositioning
- Drive growth in target verticals and segments
- Cashflow positive target by end of H1 FY25

