

2023 Half Year Results Presentation

Peter Cook - Managing Director

www.novatti.com

28 February 2023

Novatti



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Corporate Snapshot

Novatti 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.

Established in 2015 and headquartered in Melbourne (Australia), Novatti is an end-to-end payments provider with a fast-growing global presence with operations across Asia-Pacific, Europe, UK, US, Middle-East and Latin America.

Partnerships
in **over 58**
countries

Key Shareholders

Position	Holder Name	Holding	% IC
1	Brayter Limited	46,631,507	13.78%
2	Citicorp Nominees Pty Ltd	14,927,285	4.41%
3	Corangamite Pty Ltd	13,174,571	3.89%

Annual transactions of
over \$3.4 billion

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Board of Directors

Peter Cook
CEO and Managing Director



BSc (UNSW), Grad Dip Computing (Canberra),
Grad Dip Securities (FINSIA), GAICD,
Graduate Royal Military College (Duntroon)
Peter has focused on founding and leading telecommunications and payments companies in Australia, Canada, Africa and Asia including multiple exits to public-listed and private equity-backed companies in Australia and the US. Prior experience includes Management and Sales roles with Coopers & Lybrand (PWC) and Telstra. Peter is a regular speaker and thought-leader on entrepreneurship, innovation, digital transformation and payments.

Peter Pawlowitsch
Non-Executive Chairman



BCom (UWA), CPA,
MBA (Curtin Uni), FGIA
Peter is an accountant with extensive experience as a director and officer of ASX-listed entities. He brings over 15 years of experience in operational management, business administration and project evaluation in the IT, hospitality and mining sectors. Peter is also the Non-Executive Chairman of Family Zone Education (ASX:FZO) and a Non-Executive Director of Dubber Corporation (ASX: DUB) and VRX Silica (ASX: VRX).

Kenneth Lai
Non-Executive Director



BSc (Computer Science) (UoA)
MD and owner of Prestige Team Limited, an investment company that holds an investment portfolio in Hong Kong and Southeast Asia with interests in real estate, payment processing, digital marketing and IT support services. Kenneth has funded and invested in various Silicon Valley technology funds focusing on business opportunities in Asia. He co-founded (and is a shareholder and advisor) of Legend World Development Technology Ltd, a Hong Kong-based company providing IT and integrated marketing solutions to businesses.

Killian Murphy
Non-Executive Director



Master of Arts (Economics) (UCD),
BA (Hons) in Economics (NUI)
Financial Services professional with over 15 years experience in capital markets across Ireland, UK, US and Australia. Killian previously worked as Head of Industrials for Petra Capital, CIMB Australia and Davy (UK and Ireland) where he worked with established and emerging tech and payments companies, assisting them in crafting their message for institutional investors and accessing growth capital.

End-to-end B2B Payments Provider

Acquiring

Omni-channel payment acceptance for merchants, eCommerce, embedded and in-store payments.

Issuing

Visa prepaid, debit and gift cards, digital wallets and end-to-end Program Management.

Cross Border Payments

International transfer payments network for businesses.

Billing and Payments Automation

Subscription billing, invoicing and process automation.

Alternate Payments

Services and products to drive success for international payments.

Banking

International Bank of Australia Pty Ltd (IBOA) has been granted a Restricted Authorised Deposit-taking Institution licence (RADI) to conduct restricted banking business.

Leveraging the Ecosystem

- Scaling and leveraging of ecosystem underway:

Technology

High barriers to entry to digital and mobile platforms.



Digital Wallets



Fintech



Payments



Billing

Licenses

Opens jurisdictions and highlights trust with good margins in various regions.



ASIC
Australian Securities &
Investments Commission



Australian Government
AUSTRAC



Partnerships

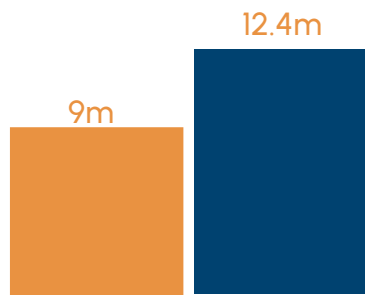
Strong global associations



Novatti

Strong forecast industry growth

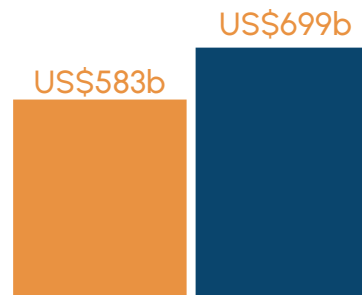
Strong growth (actual and forecast) across key markets in which Novatti operates:



Prepaid cards issued in Australia
May 2018 - December 2021
[Source: RBA]



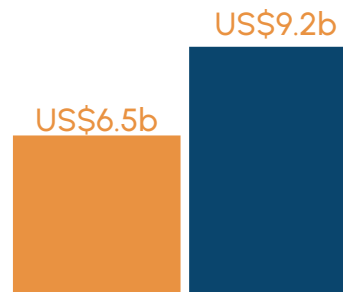
Issuing



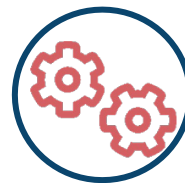
Point-of-sale and e-com turnover forecast 2020-2024
[Source: FIS World Pay]



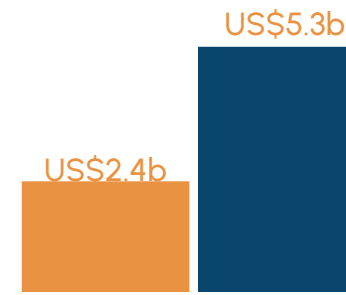
Acquiring



Personal remittances to/from Australia 2010-2019
[Source: World Bank]



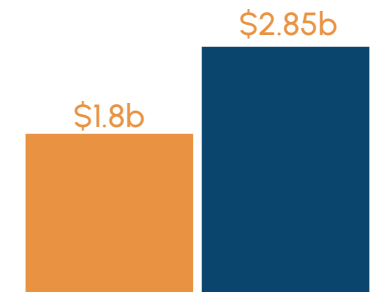
Processing



Global accounts receivable/payable automation market 2020-2027
[Source: 360 ResearchReports]



Billing

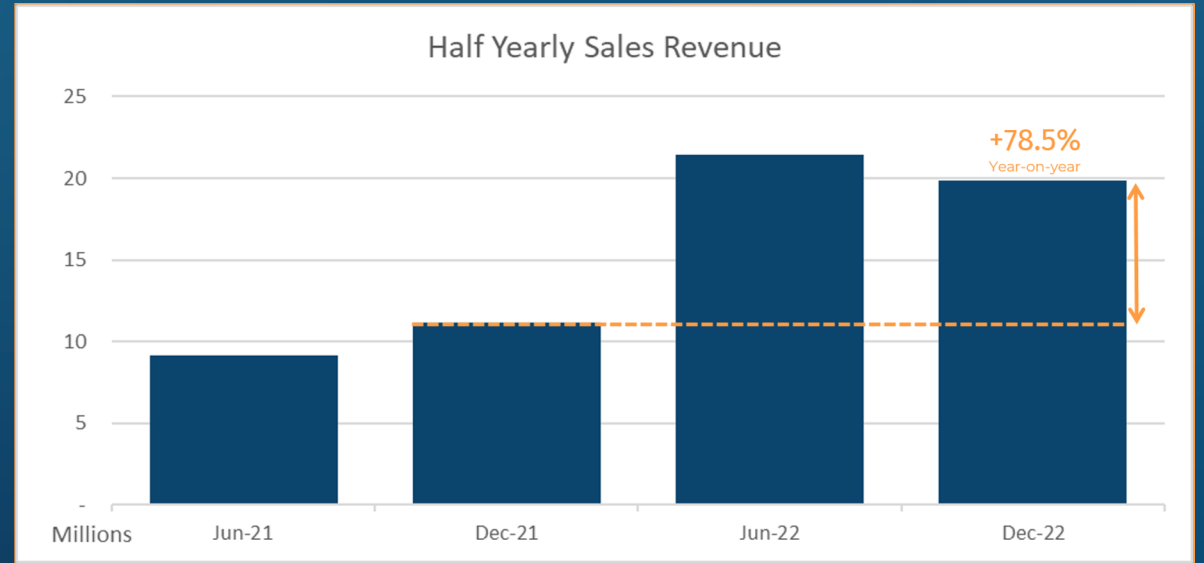


Resident deposits with neobanks (Judo, 86 400, Volt) April 2020-2021
[Source: APRA]



Banking

2023 Half Year Performance Highlights



\$19.9m



78.5%
against H1 FY22

H1 Sales
Revenue

\$11.6m



59.8%
against H1 FY22

H1 Alternative
Payments Revenue

\$1m



743%
against H1 FY22

H1 Acquiring
Revenue

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Underlying EBITDA*

- Significant investment in H122 made in operations (including in Acquiring and International Bank of Australia**)
- Half-year employee benefits increased to \$14.6m following investment in talent (team grew by 4% to 156 in 2022)
- Underlying EBITDA of (\$7.7m)***

	31 December 2022 \$'000	31 December 2021 \$'000
Net loss from operations	(12,920)	(9,923)
Interest income	(175)	(19)
Depreciation and amortisation	1,101	750
Finance charges	1,191	513
Indirect tax expenses	126	83
EBITDA	<u>(10,677)</u>	<u>(8,596)</u>
Add back/(less):		
Vesting of share-based payments	2,248	1,317
Loss on investments held at fair value through profit or loss	13,963	1,575
Gain on embedded derivative	-	(729)
Dividend income	(13,511)	-
Non-operating <u>add</u> back of expenses relating to corporate activity	<u>269</u>	<u>531</u>
Underlying EBITDA*	<u><u>(7,708)</u></u>	<u><u>(5,902)</u></u>

*All figures on this slide should be read in conjunction with the full Appendix 4D and Interim Financial Report.

**International Bank of Australia Pty Ltd (IBOA) granted a Restricted Authorised Deposit-taking Institution licence).

***Underlying EBITDA is a non-IFRS measure calculated as profit before income tax and before depreciation and amortisation, share based payments, net finance costs, due diligence costs, gain on embedded derivative and impairment of capitalized bank licensing costs. The Company views this non-IFRS and operational measure as useful in monitoring and understanding its business. It should not be considered in isolation nor as a substitute for IFRS measures.

Balance Sheet*

- \$25.7m cash available at end of first half
- Strengthened cash position for continuing growth phase
- Strategic investment in Reckon already providing dividends (received \$13.5m over 1H 23)
- Successful completion and issue of a bond for \$10.5m

	Consolidated	
	31 December 2022	30 June 2022
	\$'000	\$'000
Assets		
Current assets		
Cash and cash equivalents	25,721	6,059
Trade and other receivables	8,541	8,422
Financial assets - funds in trust	82,567	52,440
Other current assets	1,348	928
Total current assets	118,177	67,849
Non-current assets		
Investments accounted for using the equity method	101	77
Other investments at fair value through profit and loss	13,761	27,724
Plant and equipment	468	529
Right-of-use assets	1,648	1,790
Intangible assets	8,650	9,322
Deposits	5,361	3,704
Total non-current assets	29,989	43,146
Total assets	148,166	110,995
Liabilities		
Current liabilities		
Trade and other payables	20,270	16,221
Settlement and remittance funds payable	81,900	52,062
Lease liabilities	279	273
Unearned revenue	663	798
Convertible note facilities	-	40
Employee benefits	3,153	1,959
Total current liabilities	106,265	71,353
Non-current liabilities		
Borrowings	10,500	-
Lease liabilities	1,681	1,829
Employee benefits	721	917
Other non-current liabilities	151	255
Total non-current liabilities	13,053	3,001
Total liabilities	119,318	74,354
Net assets	28,848	36,641

H1 FY23 Highlights

- Strong revenue growth from core business segments
- Granted restricted banking licence (IBOA)
- Launched 2 new revenue programs
 - AUDD Stablecoin
 - Novatti BillPay
- Ongoing efficiency drive to lead to circa \$4m in savings



Outlook

- Delivering on strategy of B2B Payments Business
- Improved Financial Performance
 - Scaling of Revenues
 - Strong improvements in Gross Margin
 - Significant reduction in Expenses underway
- Contribution of CRC Grant (circa \$2.3m over 3 years)*
- Continued monetization of ecosystem and partnerships
- Continued deployment and growth of IBOA



Thank you