



ASX:  
NOV



## INVESTOR UPDATE

NOVATTI GROUP LIMITED (ASX:NOV)  
20 APRIL 2020

APR 2020

## Important Notice

The material contained in this document is a presentation of general information about Novatti Group Limited's activities current as at the date of this presentation, 20 April 2020.

It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes as it does not take into account your investment objectives, financial position or needs. These factors should be considered, with or without professional advice when deciding if an investment is appropriate.

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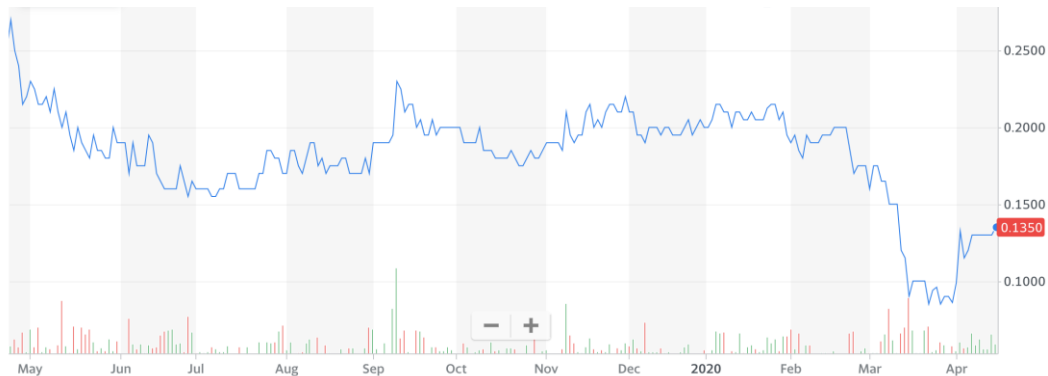
NOVATTI GROUP LIMITED (ASX:NOV)

# NOVATTI GROUP LIMITED

## Corporate Overview

- **Proven, robust, financial technology**
- **Continuing strong growth profile**
- **Successful financial processing business**
- **Multiple COVID-19 resilient revenue streams**

Key Metrics	
ASX Ticker	NOV
Market cap @ \$0.135 (as at 17 Apr 2020)	\$35.88m
Ordinary shares on issue* <i>(* in addition, circa 9m shares awaiting shareholder approval for Emersion acquisition)</i>	173.6m
FY19 total revenue	\$8.9m
FY20 31 December half year total revenue	\$4.9m
Cash & cash equivalents (as at 31 Dec 2019)	\$2.2m
52 week high-low	\$0.275 - \$0.083
Top 20 Shareholders	74.8%



# STRATEGY TO CREATE LONG-TERM VALUE FOR SHAREHOLDERS



Grow recurring revenues

- Emersion acquisition
- Rent.com.au partnership



Build partnerships with major networks

- Visa
- Decta



Focus on large market segments

- Cross border payments
- Card issuing
- Payments processing



Operate into large economies



Extend financial licences

- European E-Money Issuing Licence application submitted



Asia focus



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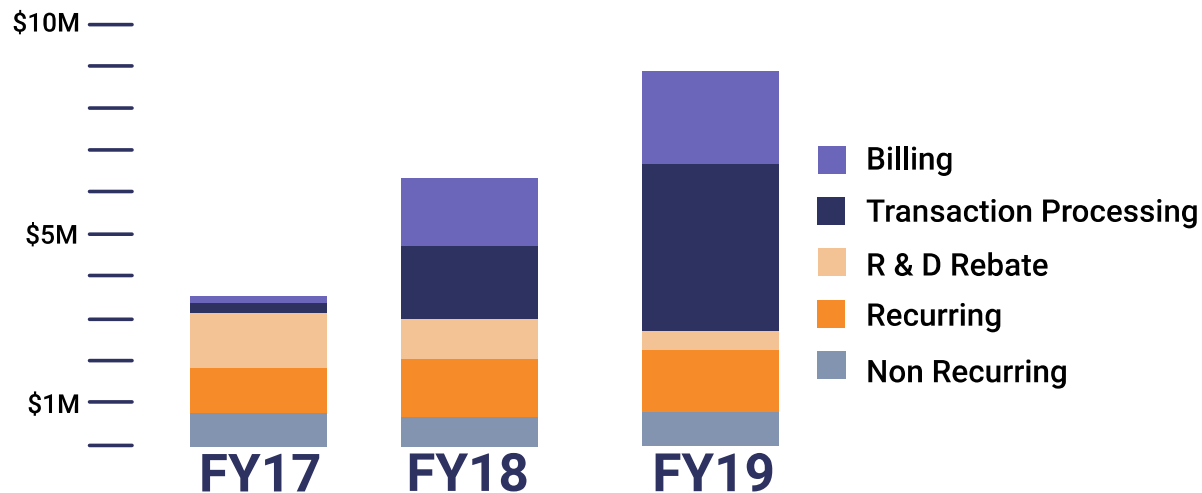
## KEY FY20 GOALS

- Continued strong revenue growth
- Growing proportion of transaction processing
- Continued growth of local and international business networks and partnerships
- Progression of bank licence application and business launch

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# FY19 FINANCIAL HIGHLIGHTS

## Novatti Group Revenue



**Strong revenue growth**

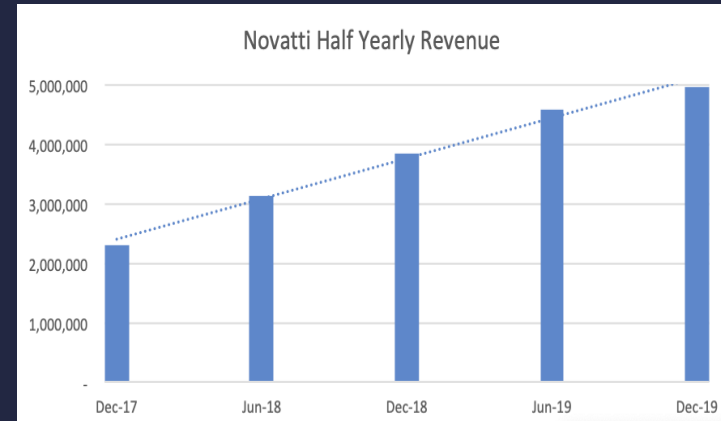
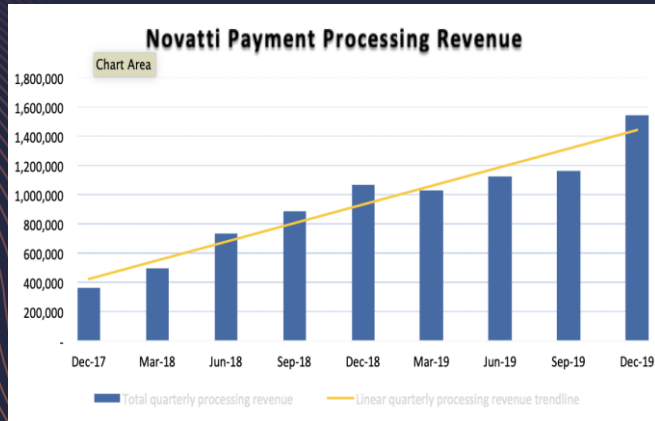


**Diversified revenues**



**Primarily recurring and transactional revenues**

# DEC 2019 FINANCIAL HIGHLIGHTS



01

Core business continues growth - payment processing revenue for Dec 19 qtr grew 45% over the Dec 18 qtr

02

Total revenue was \$4.96m for December half year, up 29% from the corresponding half in 2018

03

Payment processing revenue expected to continue to grow strongly in FY20, including through COVID-19

04

Cash on hand at end of quarter - \$2.2m

Additional \$1.2 raised via Convertible Note in February 2020

# FY20 OPERATIONAL HIGHLIGHTS

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## 01

Growth in core products  
Flexewallet, Flexepin,  
ChinaPayments, Basis2,  
and Novatti Technology

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## 02

Continuing growth in  
International networks,  
B2B partnerships and  
clients

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## 03

Emersion acquisition  
to increase exposure  
to business  
automation &  
recurring SAAS  
revenues

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## 04

Extensive R&D on  
Blockchain and  
Compliance platforms



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## 05

Restricted ADI banking licence:

- Primary works for licence completed
- Continuing to build customer and strategic partnership base while APRA pauses approvals during COVID-19



# BUILDING THE NETWORKS AND PARTNERSHIPS FOR FUTURE OF BANKING

## Card Issuing



- Direct Card Issuing
- Prepaid Cards
- Corporate Cards

## Bank Partners



## Remittance and Cross-Border Payments



- International Bill Payments
- Money Transfer Operators
- P2P Payments
- Global Settlements

## Alternative Payments



# REGULATORY

Australian Securities & Investment Commission



- Australian Financial Services Licence for Non-Cash Payments.



AUSTRAC Registration

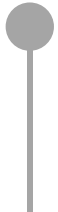


Remittance Network Provider



Australian Government  
AUSTRAC

E-Money Issuing License



Authorised Electronic Money Agent in UK and Europe.



Applied for a full Electronic Money Licence in Europe.



Australian Financial Complaints Authority (AFCA)



Member



Australian Stock Exchange



Public Listing



VISA Partner & Program Manager



# REMITTANCE AND CROSS-BORDER

~ World Bank ranking of 11<sup>th</sup> largest remittance sending country globally, compared to 19<sup>th</sup> in 2011

~ In 2017, USD 16.8bn was sent from Australia to other countries. Substantial growth from USD 3.7bn in 2011

~ China was preferred destination country with USD 3bn, followed by India at USD2bn (2017)



## CARD ISSUING, PROGRAM MANAGEMENT

~ US\$19.6B in 2019 to reach \$31.2B by 2023

~18.5% increase  
prepaid market during 2014-2018

~12.4% predicted increase  
during forecast period of 2019 - 2023

- Visa principal partner-card issuer
- Tailored prepaid cards issued through Vasco Pay subsidiary
- First programs launched
- Very strong sales funnel

The logo for VISA, featuring the word "VISA" in a bold, blue, sans-serif font.The logo for flexepin, featuring the word "flexepin" in a lowercase, sans-serif font. The "e" is red, and the "pin" is black.The logo for VASCO pay, featuring the word "VASCO" in a bold, black, sans-serif font with a yellow triangle above the "A", and the word "pay" in a lowercase, yellow, sans-serif font below it.

# EMERSION ACQUISITION RATIONALE



Emersion is a leading provider of **Customer Engagement, Payment, Provisioning and Subscription Billing solutions**. Emersion empowers teams to work remotely and securely, helping them **Engage** their customers, **Integrate** their systems and **Automate** their billing and payment processes.



## EBITDA positive and growing



- EBITDA positive
- Potential to grow transaction revenue with minimal invested funds infusion from Novatti
- Generates predictable, cumulative and stable subscription revenues
- Attractively priced at approx. 2 x Annual Recurring Revenue (ARR)

## Synergistic operations



- Builds on Novatti's Transactions Division offering
- Established customers in Australia, New Zealand and Singapore
- Significant growth potential in existing markets (APAC) and overseas
- Acquisition brings additional integration, payments and subscription management skills and expertise to Novatti
- Follows Novatti's 2017 acquisition of basis2 billing software business



## EMERSION OVERVIEW

Emersion integrates diverse business systems (e.g. Accounting, Payment Gateways, Suppliers, Vendors and Internal Systems). This means that manual and time consuming processes like subscription billing, invoicing, payment processing, collections and reporting can be automated. This increases the amount of resources available in a business to focus on customer engagement, and results in a better customer experience, as well as increased business profitability.

## VALUE CREATION

Emersion's advanced payment system means that customers can pay their accounts by multiple methods including credit card, EFT, bank transfer, direct debit and Bpay. Invoices can be set to go out automatically at a frequency chosen by the customer or sent on an ad-hoc basis. Emersion can be configured to suit any product or service, including bundled subscription and usage based services and products.



ENGAGE



INTEGRATION



AUTOMATE



COLLECT

# TRANSACTION OVERVIEW



Enterprise value:  
\$2.6m

Multiple:  
2 x ARR

Transaction type:  
Asset purchase

## Consideration



- Shares – 16,725,000 shares
- Cash – \$1,000,000 in monthly payments until June 2021

## Transition & Integration



- Bolt on acquisition
- Cultural alignment facilitates effective transition
- Management overhead – low, strong contributors to daily operations

## Savings and Growth



- Strong technology and staffing synergies
- Strong high growth thematic – automation, digital transactions, subscriptions services
- Accumulative recurring revenues growth

# COMPELLING VALUE ACQUISITION



## Revenue

Circa \$2m with significant potential for further growth, including during COVID-19



## Recurring revenue

>80% of revenue is recurring



## Cashflow

Positive cash flow.



## Novatti Revenue

Enhances ongoing revenue growth



## Synergy Savings

To be reinvested for growth



## APAC presence

Local Melbourne based business with APAC client profile



## Growth opportunities

Considerable growth potential in Australasian market and potential to expand internationally, particularly to leverage Novatti international presence



# BANK LICENCE UPDATE

**Final submission lodged  
November 2019**

**March 2020 – APRA  
advised pause on  
approvals due to  
COVID-19**

**Core management team  
continuing to develop  
customer and  
partnership base  
ready for launch**



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