

March Quarter FY23 Activities Report and Appendix 4C Presentation

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Novatti



Disclaimer

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 on 28 April 2023.

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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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.



Highlights in numbers

\$9.2m
March quarter sales revenue*



\$1.04b
March quarter GTV**

+70%
Acquiring revenue on prior quarter

+67%
Issuing revenue on prior quarter

\$21.9m
End of quarter cash balance

-14%
Headcount reduction across FY23

\$15m (approx.)
70% confidence factor for additional sales by end Q1 FY24

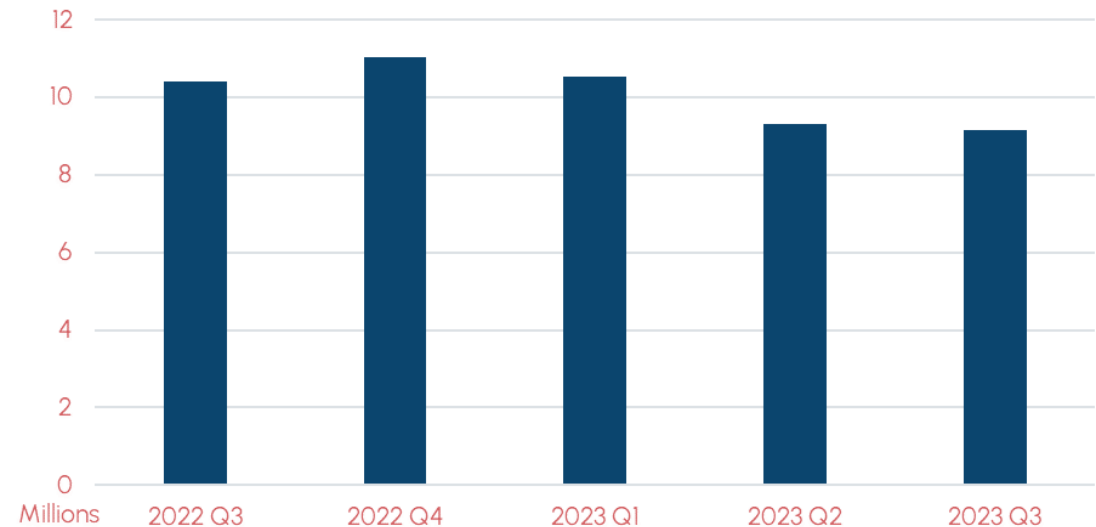
* All figures throughout this document related to the March quarter remain unaudited unless stated otherwise

**Gross Transaction Value

March quarter performance

- \$9.2m – quarterly sales revenue
 - Down 1.6% on prior quarter
 - Lower revenue from one offshore channel partner – expect to return to growth shortly
- Revenue momentum in future growth engines
 - Acquiring – up 70% on prior quarter
 - Issuing – up 67% on prior quarter
- Positive cashflow focus
 - \$21.9m cash available
 - Cash consumption – circa \$2m normalized*
 - Headcount down 14% across FY23
 - Increased prices, margins
 - Lower COGS going forward
 - Reduction in staff & general expenses

Quarterly Sales Revenue



*Cashflow Analysis
- \$3.9m from operations
Adjusted by:
- \$750k IBOA costs
- \$250k one off Acquiring infrastructure cost
- \$900k staff costs from Q3 not continuing in Q4
Normalised Cashflow – -\$2m

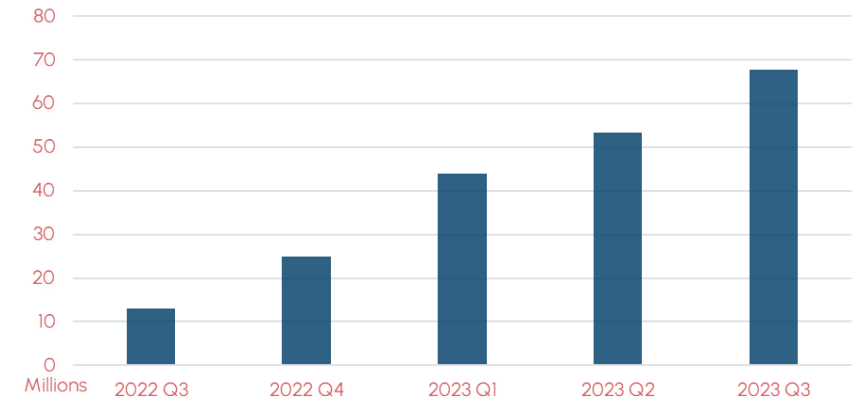
Operations update

- CFO Appointment – Dharsh Mendez
 - Outstanding experience in ecommerce, financial services, industrial services
- Acquiring Solution scaling underway
 - Unified commerce offering – Ecommerce, In-store, Tap on Glass, Embedded payments
 - Migration of customers to Novatti platform and higher margins to follow
 - Reckon Limited (ASX:RKN) partnership bringing increasing customer acquisition
- Sales Growth
 - Significant client wins across all divisions
 - Strong sales funnel – circa \$15m of 70% confidence factor sales due to close by end Q1 FY24

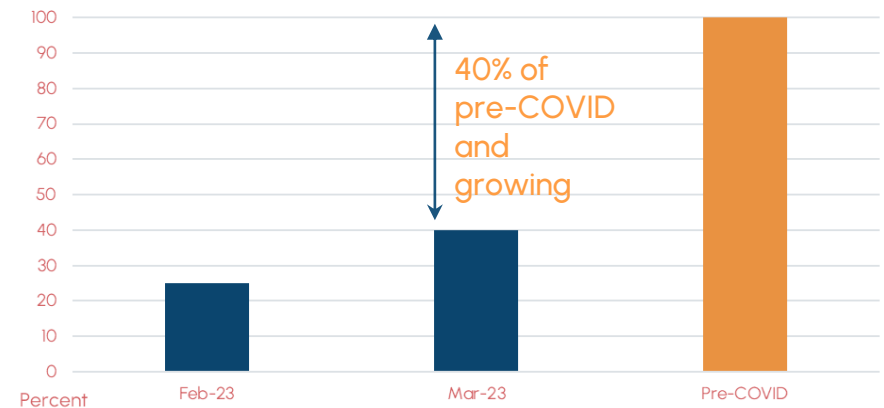
Underlying business growth remains strong

- GTV increased 56% YoY and 3% on quarter
- Acquiring total GTV up 32% on prior quarter – fast becoming key growth driver
- International client – margins down but GTV up 214% YoY and 15% on prior quarter
- Strong exposure to returning Chinese travellers
 - Returning to Australia post COVID
 - Sydney Airport visitor numbers in March 40% of pre-COVID levels – major upside*
 - Expect to drive further transaction growth
 - ChinaPayments GTV up 105% on prior quarter

Acquiring Gross Transaction Value



Chinese Travellers Through Sydney Airport



International Bank of Australia

- Ongoing deployment of technology
- Preparation for first products
- Appointment of Chief Risk Officer
- Ongoing management of Risk, Compliance & Regulatory matters
- Progression of full licence application
- Business development with strategic distribution partners, other banks and financial institutions

International Bank of Australia will be a global payments bank, licensed in Australia, that will provide banking and payments services to support the increasing global mobility of capital, commerce and people



* Source: The 2021 McKinsey Global Payments Report

Outlook

- Strong growth in revenues from improving pipeline
- Cash receipts expected to increase with underlying business growth
- Cost reduction program in place
- Rapidly scaling growth engines, including Acquiring and Issuing
- IBOA focused on achieving full licence

