



Novatti Group Limited (ASX:NOV)

December Quarter FY24 – Activities Update

31 January 2024

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 31 January 2024.

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Our Mission

Novatti enables businesses to **pay and be paid** from any device, anywhere.

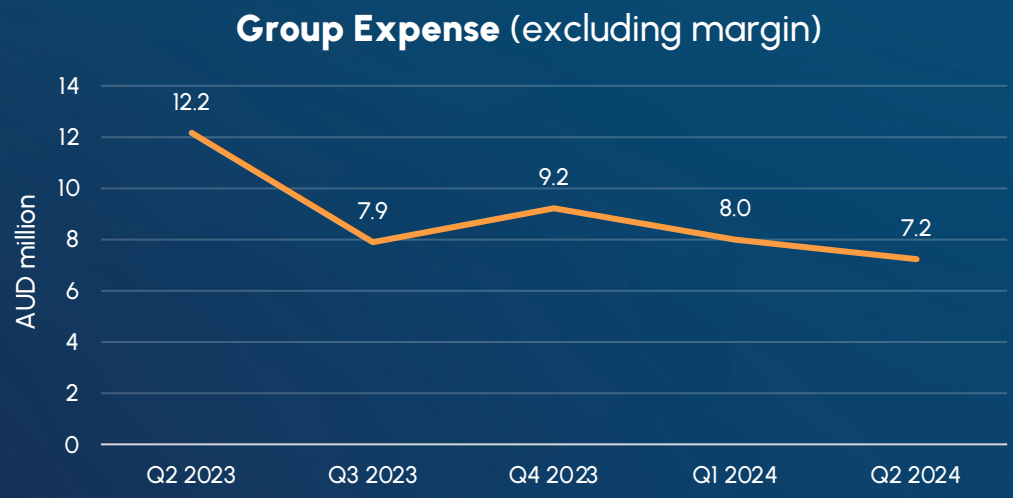
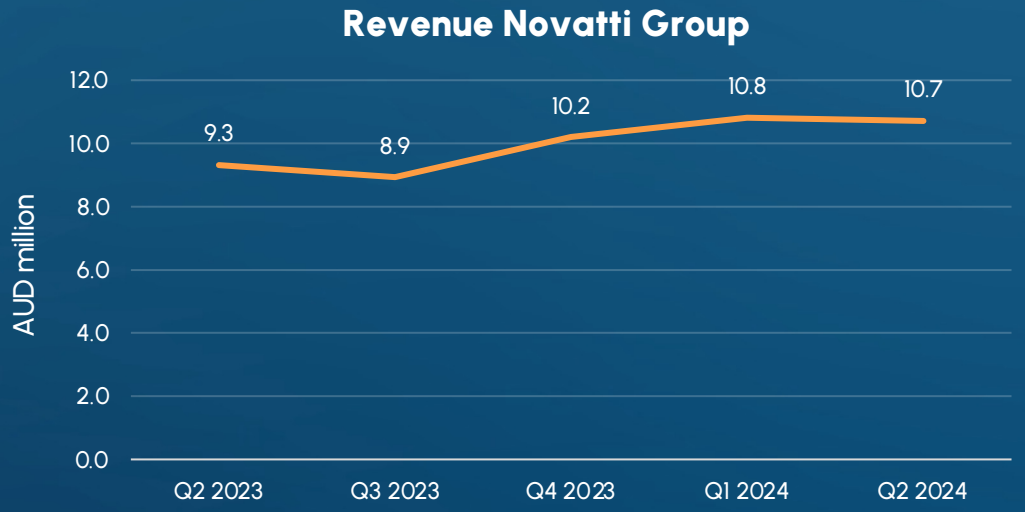
From corner stores and start-ups to global organisations, our solutions will unlock your ambitions.

Q2 FY24 - key numbers*

\$10.7m
Q2 FY24
Group Revenue

-10%
Expense reduction
QoQ

\$10.8m
Cash at end
of Q2 FY24



*All figures throughout this presentation relating to FY24 remain unaudited unless stated otherwise.

FY24 - quarter by quarter progress

Pivot underway from a diversified portfolio of independent businesses into a streamlined Payment Solutions company, underpinned by positive cashflow target and 3 year 70%+ margin target



Results so far

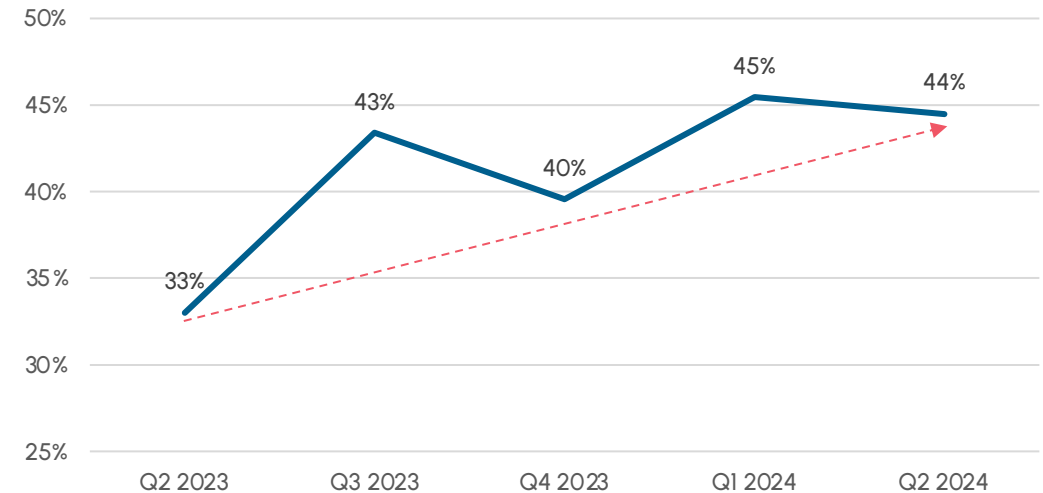
Actions completed

- ✓ Strategic review assessing all business areas against financial goals
- ✓ Business portfolio re-organised
- ✓ Internal restructure - new talent into key roles
- ✓ Streamlined sales process and access to multiple products
- ✓ Established 3 year 70%+ margin target

Results

- ✓ Half year revenue up 5% to \$10.7m since review started
- ✓ Continued expense reduction - 10% QoQ in Q2
- ✓ Payments AU/NZ quarterly gross margin up 11% YoY
- ✓ Payments AU/NZ gross transaction value up 13% QoQ

Gross Margin Payments AU/NZ



Q2 - Optimise financing

Overview

- ✓ Self-funding initiatives to remove operating costs
- ✓ Optimisation and divestment where required

Action taken in Q2

- ✓ 19.9% Reckon stake divested
 - Creating greater flexibility to execute strategic review
 - Reckon commercial partnership remains
 - Reached 300+ Reckon customers onboarded
 - 12% QoQ customer growth in Q2
 - Reckon Accounts Hosted API integration
- ✓ External funding for key growth initiatives
 - International Bank of Australia – Series A round firming
 - AUDD – self funded through \$600k pre-seed
- ✓ Capital raising – up to \$5.5m (*announced in Q3*)



Q3 – Cost reduction focus

Cost reduction

- ✓ Strong mindset in the business
- ✓ Progress already made with 10% QoQ expense reduction in Q2
- ✓ Approx. \$4m annual cost savings identified through strategic review
- ✓ Program to be implemented in Q3
- ✓ Supporting the cashflow positive target

Capital raising

- ✓ Capital raising of up to \$5.5m*
 - Convertible note for up to \$3.5m
 - Share Purchase Plan for up to \$2m
- ✓ Board and management committing \$750k
- ✓ Funds applied to increasing the security collateral for the growing Payments Solutions division and general working capital

* Completion subject to shareholder approval on 14 February 2024

The path forward

Simplify and focus

- ✓ Operating cash flow positive target - mid 2024
- ✓ Implement approx. \$4m cost saving program
- ✓ Complete capital raising to optimise financing
- ✓ Finalise strategic review - focus business on payments
- ✓ Integrated sales - focus on cross selling
- ✓ Continue to improve margins - 3 year target 70%+

