

ASX Announcement

1 July 2024

## Pipeline of 500+ new merchants to be onboarded by the end of H1 FY25

### Highlights

- Novatti's transition to a market-led, customer focused strategy has driven strong market traction, evidenced by a pipeline of 500+ new merchants to be onboarded by the end of H1 FY25
- Traction in key target markets with integration to education (university software and service providers) and hospitality (QR code ordering and wine distribution)
- Foundation partnership with major university student union to promote a digital bill payment service to the university's 36,000 international students

**Novatti Group Limited (ASX: NOV) (Novatti or the Company)**, a leading fintech that enables businesses to pay and be paid, is pleased to provide an update on the continued commercial results of its market-led, customer focused strategy introduced in FY24.

This shift in strategy is the second stage of Novatti's broader transformation, initiated at the beginning of FY24 under a new executive leadership team. Results from this transformation so far include:

- **12** independent businesses streamlined into **4** operating divisions
- **\$12.4m** of quarterly revenue in the March quarter of FY24 - a new record<sup>1</sup>
- **21%** increase in quarterly revenue in Q3 FY24<sup>2</sup>
- **23%** decrease in quarterly expenses in Q3 FY24
- **\$4m+** annualised cost reduction program implemented and positive impacts flowing
- **\$1.5m** commercial wins announced in April 2024

Continued execution of the market-led, customer focus has resulted in a pipeline of 500+ new merchants to be onboarded by the end of H1 FY25. This onboarding pipeline follows Novatti securing the following new partnerships and commercial wins since April:

- **Education:** Novatti's Asian payment solutions have been integrated with a global education software business that services 33 universities across Australia and New Zealand
- **University union:** the student union at a major university with approximately 36,000 international students is partnering with Novatti to market and promote a digital bill payment service, including for tuition payments. This service will go live in July 2024 and enable payments for the July semester onwards, with on-campus marketing scheduled for the university's orientation week
- **Hospitality:** Novatti is now a payments partner for a rapidly growing hospitality QR code ordering platform and, as a result, is in the process of onboarding 300+ food and hospitality merchants

<sup>1</sup> Q3 FY24 2024 financial figures are unaudited.

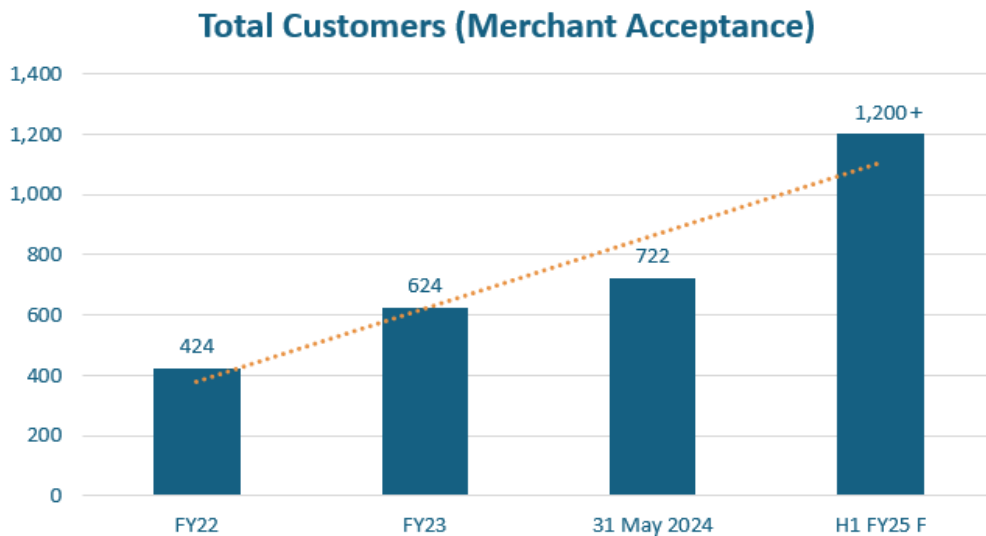
<sup>2</sup> Revenue and expense improvements in Q3 FY24 are compared against Q4 FY23 which is the period prior to the commencement of Novatti's business transformation and strategy change. Excludes IBOA.

- **Wine distributor:** an international wine distributor based in Australia has engaged Novatti to integrate digital wallet payments services into their platform, which reaches 200+ retail locations nationally
- **Fitness chain:** an existing major fitness chain client has on-boarded 46 new merchant outlets since commencing their migration onto the Novatti platform in April 2024

Payment processing will commence immediately after each merchant is onboarded in line with AML/CTF standards and will establish baseline processing data for future reporting periods.

Novatti continues to attract strong growth within its Payments AU/NZ business, particularly within merchant acceptance. As of 31 May 2024, 722 merchants were using Novatti for their payments acceptance, a 15.7% increase since the start of FY24. This result is net of intentionally offboarded customers following a review of their financial performance and risk profile during FY24, helping drive positive operating leverage and profitability.

Upon completion of the onboarding of the 500+ new merchants scheduled by the end of H1 FY25, Novatti expects to service more than 1,200 merchants in total.



Novatti CEO, Mark Healy, said: “These ongoing wins demonstrate how Novatti’s market-led, customer focused approach is winning support from Australian businesses. It is particularly pleasing to see clients seeking extended Novatti services following our shift in strategy, which has been a clear benefit of simplifying the business to service cross-functional needs. This is part of the broader momentum we are witnessing across the business, coming off the back of a record quarter of revenue in Q3 FY24.

“Furthermore, we have now fully implemented our \$4m annualised cost reduction program. A further \$3m in annualised costs will also be removed from the business in Q1 FY25. These savings form part of the plan to achieve positive operating cashflow by the end of H1 FY25.”

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This announcement has been approved for release by Mark Healy, CEO and the Board.

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**About Novatti Group Limited (ASX:NOV)**

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