

# Novatti

## Investor Presentation

**Peter Cook**

Managing Director

[www.novatti.com](http://www.novatti.com)

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# Disclaimer

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To the extent permitted by law, no responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of this material is accepted by Novatti Group Limited or any of its related bodies corporate.



Novatti enables businesses to **pay and be paid**, from any device, anywhere. From corner stores and startups to global organisations, our solutions will unlock your ambitions.

# Corporate profile

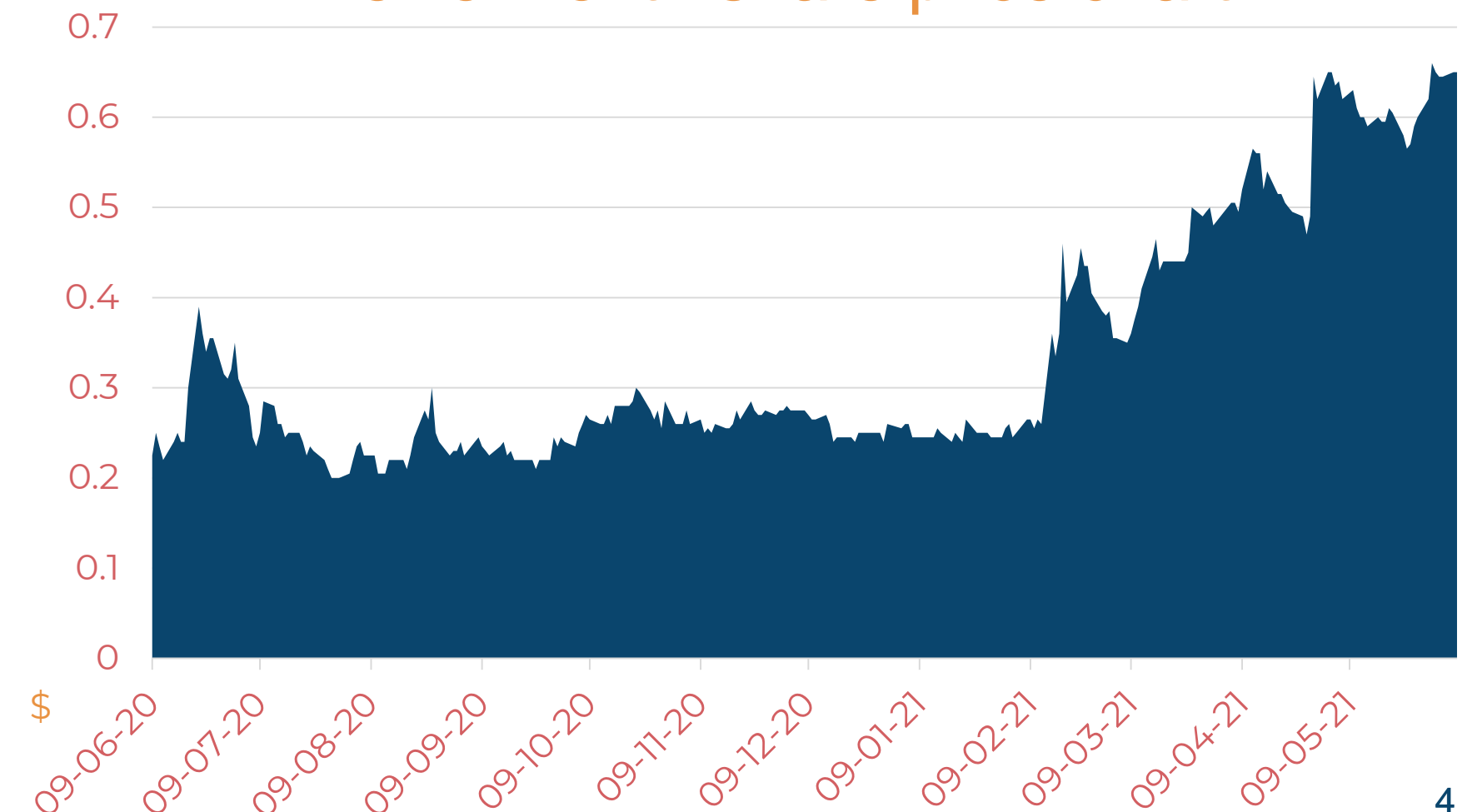
# Novatti



## Substantial shareholders

Top 20 Holders	Number	Number	% Held
		<b>141,691,052</b>	<b>58.57%</b>
<b>including substantial holders:</b>			
Brayter Limited		46,631,507	19.28%
Qing Li		22,907,452	9.47%
<b>and Director interests:</b>			
Kenneth Lai		13,116,118	5.42%
Peter Cook (Corangamite Pty Ltd)		11,507,904	4.76%
Peter Pawlowitsch		3,582,662	1.48%
Paul Burton		263,158	0.11%
<b>Director Interests Total</b>		<b>28,469,842</b>	<b>11.77%</b>

## Twelve month share price chart





# Board

## Peter Pawlowitsch

Non-Executive Chairman

BCom, CPA, MBA, FGIA

- Extensive experience as a director and officer of ASX-listed entities
- Non-Executive Chairman of Family Zone Cyber Safety (**ASX:FZO**) and Director of Dubber (**ASX:DUB**) and VRX Silica (**ASX:VRX**)
- Experience in operational management, business administration and project evaluation in the IT, hospitality and mining sectors across past 15 years

## Peter Cook

Managing Director and Chief Executive Officer

BSc, Grad Dip Computing, Grad Dip Securities, GAICD

- Over 25 years' experience as a director and executive with multiple companies
- Former Non-Executive Director and Deputy Chairman of Senetas Corporation (**ASX:SEN**)
- Founded and led multiple telco and payments companies, including Unidial Pty Ltd and Ezipin Canada Inc

## Paul Burton

Non-Executive Director

Chartered Accountant

- Over 14 years of leadership experience in the payments industry
- Previously CEO of Datacash Group Plc, a payments gateway company bought by MasterCard

## Kenneth Lai

Non-Executive Director

Bachelor of Science (Computer Science)

- Over 14 years of leadership experience in the payments industry
- Managing Director and owner of Prestige Team Limited, an investment company with a portfolio in Hong Kong and Southeast Asia
- Prestige Team Limited has interests in real estate, payment processing, digital marketing and information technology support services

## Steven Zhou

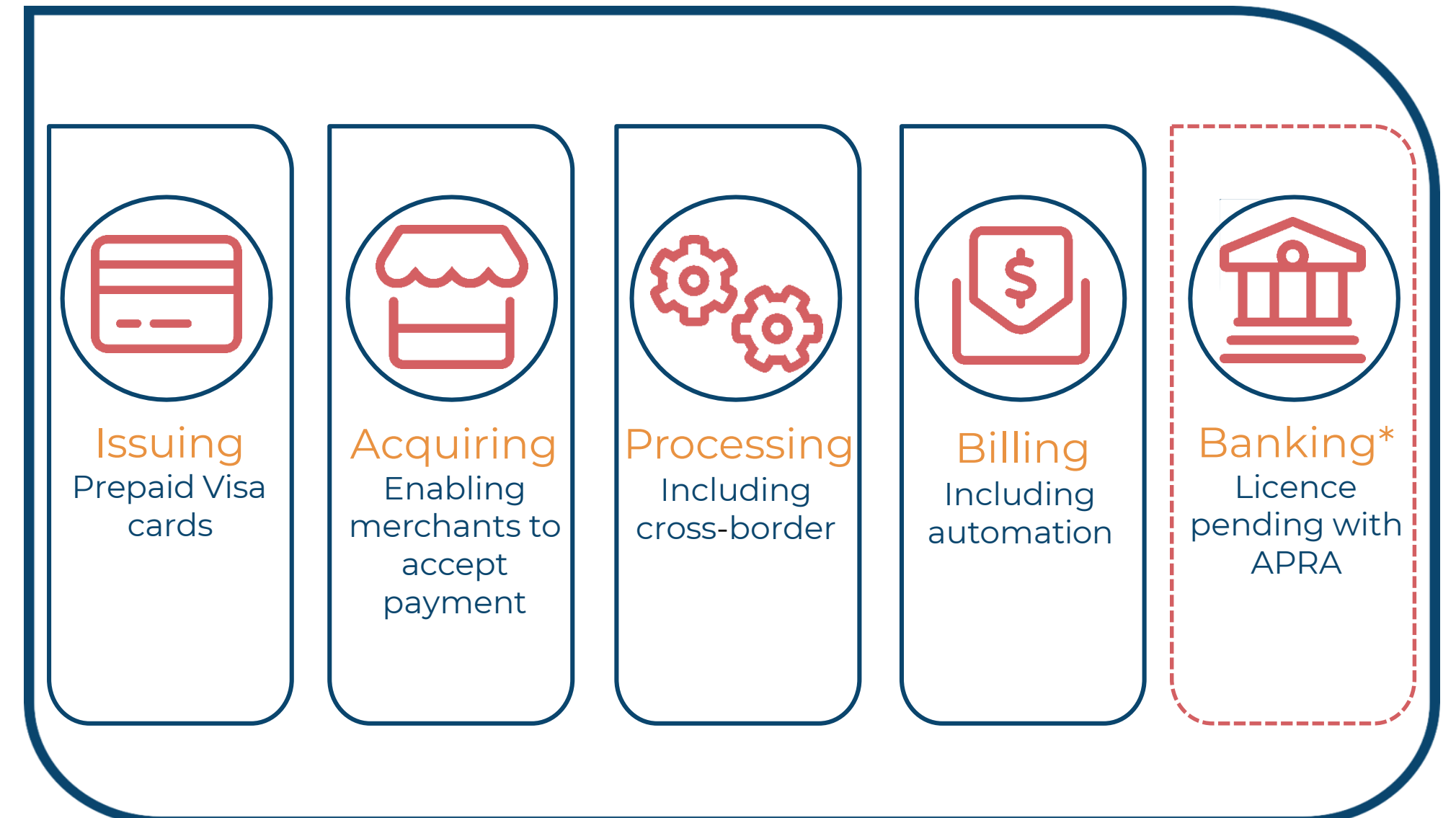
Non-Executive Director

- Experienced executive with payments industry experience in both Australia and China
- Founder of Lifepay Pty Ltd and other fintech startups

# Business Overview

Novatti

- Novatti provides businesses with everything they need to **pay and be paid**
- Focus on mobility through technology – using any device, anywhere
- Cover the complete payments value chain – from issuing payment cards to banking services\*

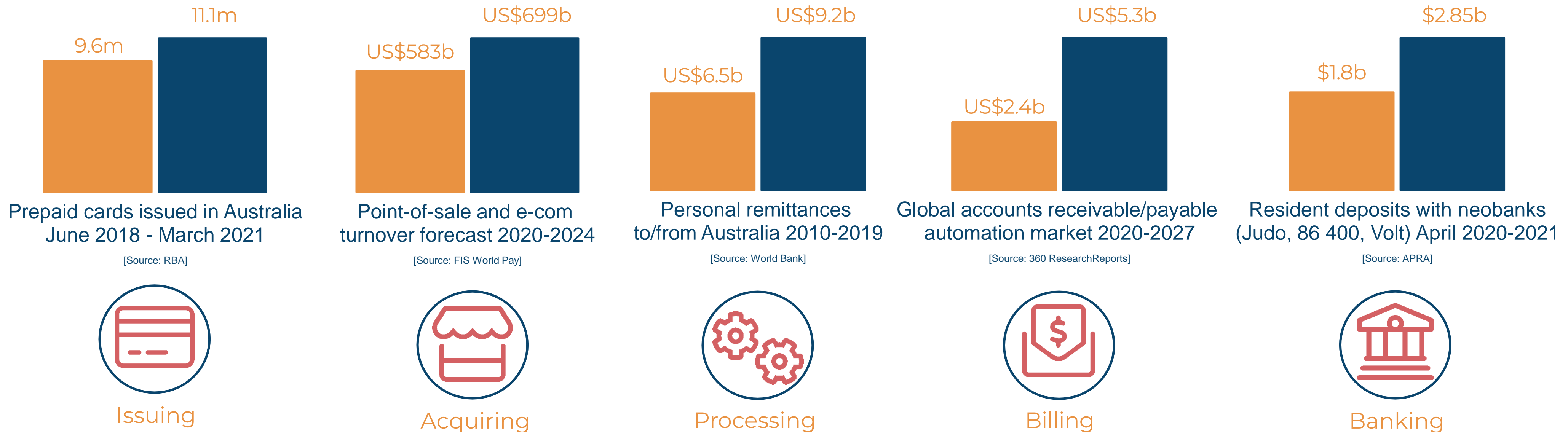


\*Licence pending with APRA

# Structural change driving growth in all market segments

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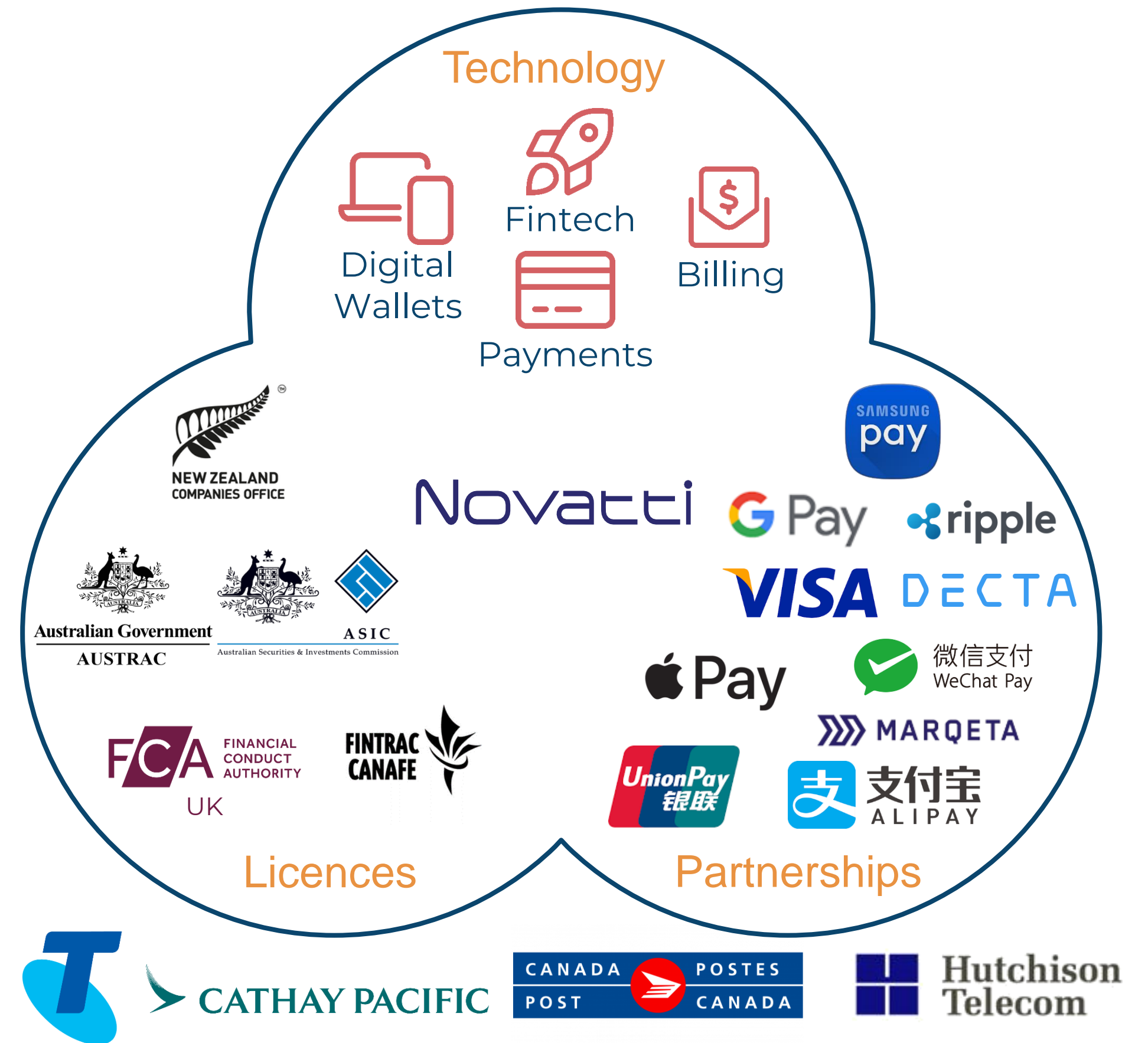
Novatti's business is focused on capturing key growth markets:



# Strategy


- Leveraging our leading B2B ecosystem combining:
  - **Technology** – digital and mobile platforms
  - **Licences** – opening jurisdictions and highlighting trust
  - **Partnerships** – providing scale without substantial capital
- Ecosystem now being monetised as fintechs and businesses utilise Novatti’s capabilities
- Focus now on accelerating expansion

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# Business profile - Issuing

- Novatti is a Visa Principal Partner 
- Business launched in 2020 to deliver physical and digital payment card solutions for small through to large enterprises
- Includes white label cards and apps
- Also includes Novatti's Digital Payments Accelerator, which enables fintechs to bring new, innovative products to market

# Novatti



Issuing



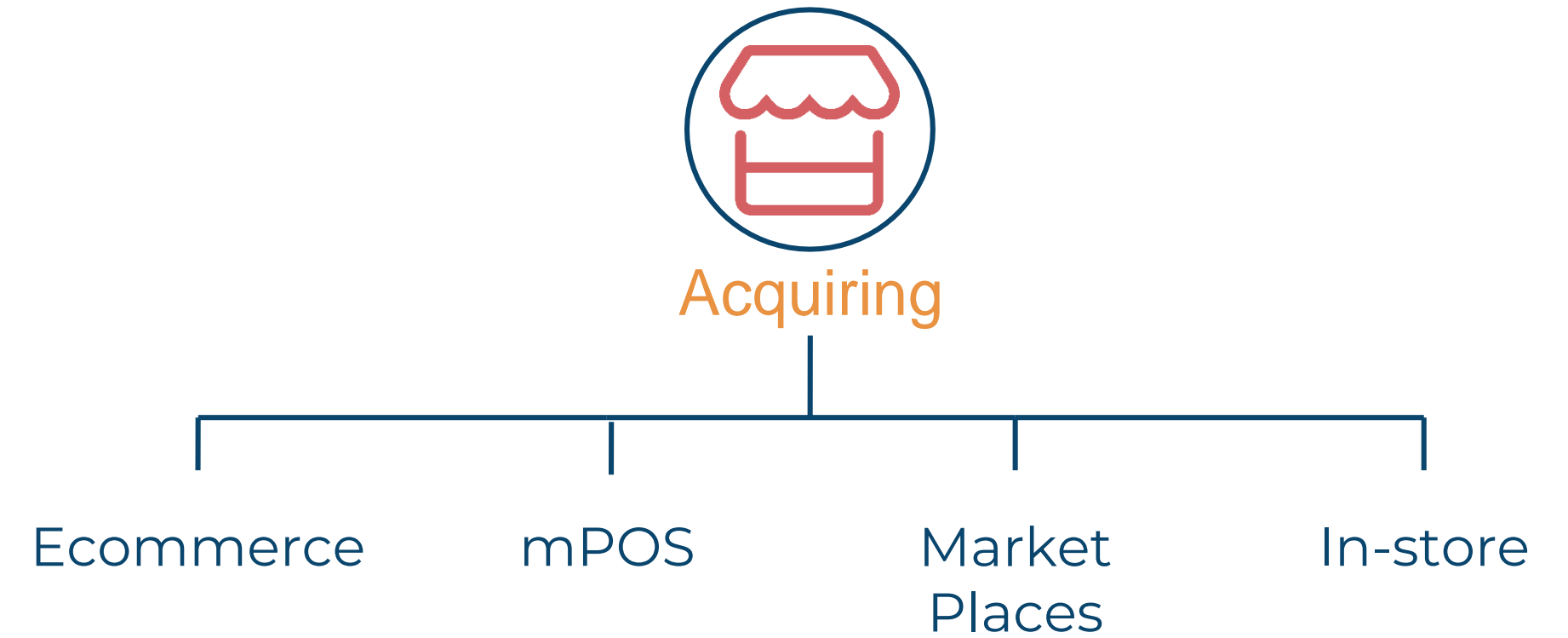
Partner profile **afterpay** 

- Enables Afterpay users to access Afterpay-branded payment cards in their digital wallet for use at participating merchants
- Prepaid cards enable ubiquitous access to merchants and standard settlement processes

# Business profile - Acquiring

- Launched own solution in 2021
- Enables businesses to accept payments online for e-commerce
- Strong focus on mobile point-of-sale as key growth area
- Applying for full acquiring licences with Visa and Mastercard

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## Solution profile **Novatti Payments**

- Launched in 2021
- Businesses can accept payment from:



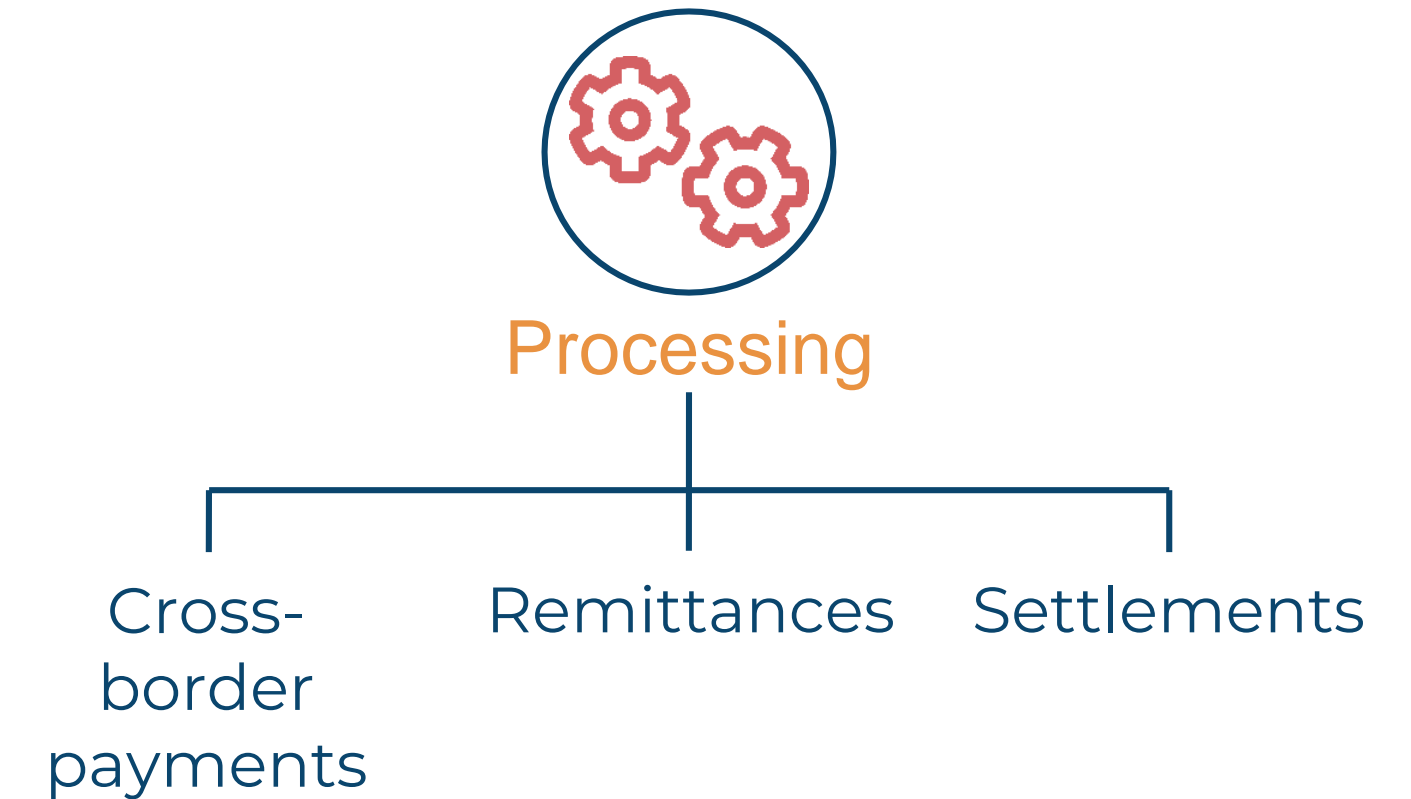
- Integrated with:



# Business profile - Processing

- Process more than \$2b+ in transactions annually
- Includes cross-border payments and remittances
- Expanding into B2B business payments

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## Solution profile China Payments

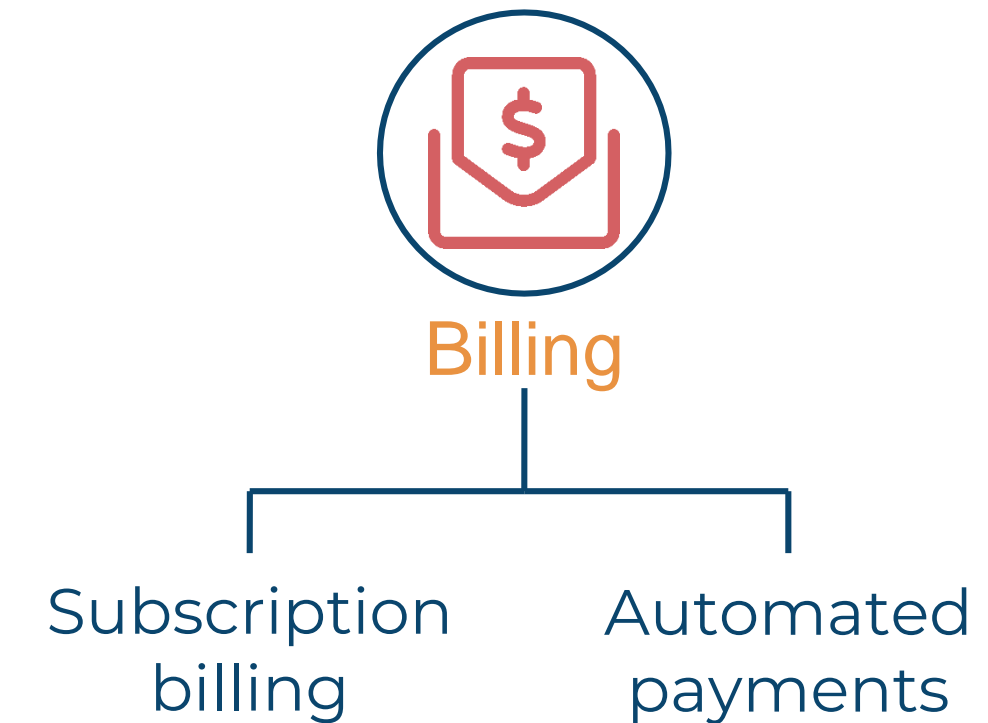
- Launched in 2018, enables Chinese residents to pay Australian bills in Chinese currency
- Integrated with Chinese payment giants Alipay, WeChat Pay and UnionPay
- Improves receivables management & cashflow for many Australian utilities & billers



# Business profile - Billing

- Scaling-up businesses through smart billing and automation
- Provide up to utility scale solutions
- Acquired Emersion in 2020, with continuing strong growth in Australia and New Zealand
- Now successfully expanded into the US

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## Solution profile



- Automates business processes including customer engagement, billing, collections, subscription management and embedded payments
- This improves customer cashflow, lowers costs, and frees-up businesses to focus on their customers
- Within 6 months of completing acquisition, new customer acquisition had doubled

# Business profile – Bank Application\* Novatti

- Being developed as key pillar of long-term strategy
- Will provide value-add and increased margins to existing, established businesses
- Final application for a restricted banking licence submitted to regulator (APRA) in November 2019
- All new application processing was paused during COVID
- Funding commitments now obtained to enable bank to launch and operate once APRA's approval is received

## Strategic Partner Profile

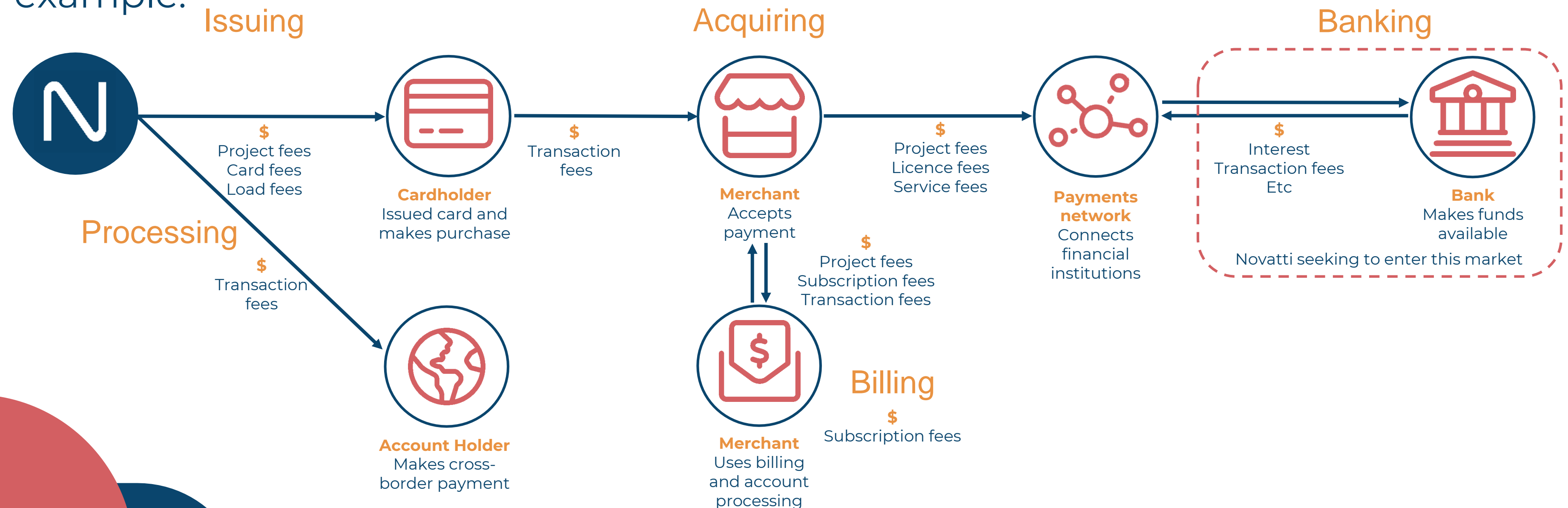


- Operates in seven countries, including Australia, the United Kingdom, Singapore, and China
- Leading international financial services provider specialising in lending and asset management
- Strong in-market lending operations, with more than AUD\$1.1b of mortgage loans and over 3,800 customers (APRA priority for licence applicants)
- Majority-owned subsidiary of Far East Consortium International Limited (FEC), a HKD\$6.5b-plus conglomerate listed on the Hong Kong stock exchange



# Multiple revenue opportunities

- Novatti provides all the solutions required for businesses to **pay and be paid**
- This enables Novatti to capture multiple revenue opportunities across the value chain
- Typical revenue may include: Subscription Fees, Project Fees, Transaction Fees
- For example:

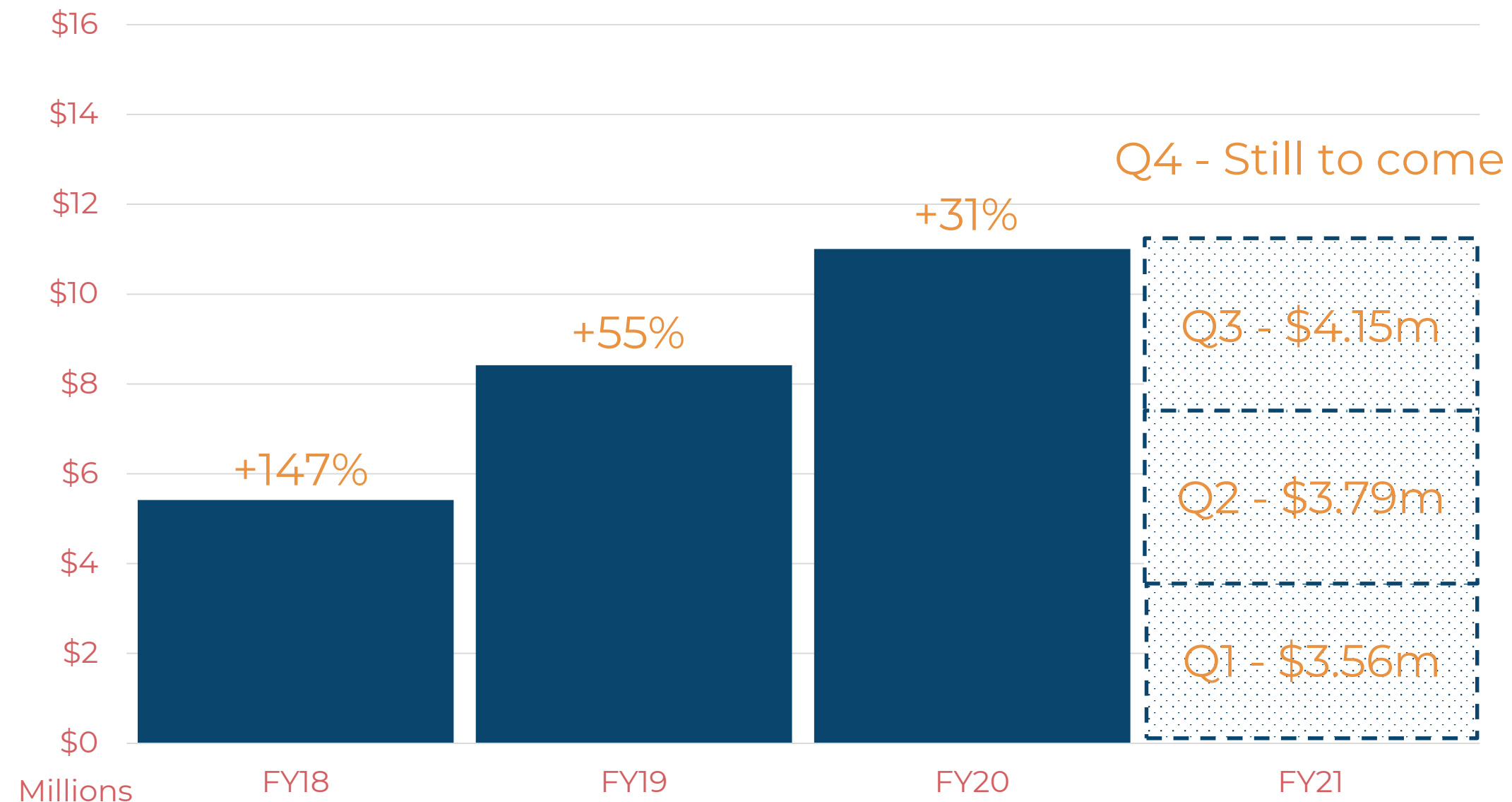




# Growth track record

- Strong track record of delivering consistent, long term growth
- Quarterly sales revenue currently growing at 37% year-on-year

## Annual Sales Revenue



# Novatti

	FY18 \$'000	FY19 \$'000	FY20 \$'000	H1FY21 \$'000
Sales Revenue	5,425	8,416	11,004	7,350
Other Income	939	474	853	991
<b>Total Revenue</b>	<b>6,364</b>	<b>8,890</b>	<b>11,857</b>	<b>8,341</b>
<b>Sales Revenue:</b>				
Platform sales	2,063	2,290	2,272	1,912
Billing solutions	1,584	2,224	2,214	981
Transaction processing	1,778	3,902	6,518	4,457
<b>Sales Revenue</b>	<b>5,425</b>	<b>8,416</b>	<b>11,004</b>	<b>7,350</b>

# Balance Sheet

- Strong balance sheet
- Current cash balance approx \$10m
- Convertible notes now less than \$2m

Key balance sheet items  
as at

	<b>FY18</b>	<b>30 June</b>	<b>FY20</b>	<b>31 Dec</b>
	<b>\$'000</b>	<b>FY19</b>	<b>FY20</b>	<b>H1FY21</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash & equivalents	4,509	1,807	2,600	9,152
Trade & other receivables	4,156	4,288	2,785	3,353
<b>Non-current assets</b>				
Intangible assets	3,236	4,645	5,703	5,500
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade & other payables	2,419	4,641	5,854	5,661
Convertible note facilities	-	-	1,100	5,056
<b>Non-current liabilities</b>				
Convertible note facilities		-	4,545	-

# Profit & Loss

- Focus remains on growth
- Statutory loss increased in FY20 due to goodwill impairments for bank licence application

# Novatti

	FY18 \$'000	FY19 \$'000	FY20 \$'000	H1FY21 \$'000
<b>Revenue</b>	5,421	8,416	11,004	7,350
Other Income	942	474	853	991
<b>Total Revenue</b>	<b>6,363</b>	<b>8,890</b>	<b>11,857</b>	<b>8,341</b>
<b>Expenses</b>				
Client Hosting and other direct services	(742)	(1,879)	(3,134)	(1,938)
Employee benefits	(5,245)	(7,685)	(11,235)	(6,830)
Depreciation & amortisation	(291)	(389)	(905)	(740)
Occupancy	(192)	(336)	(145)	(91)
Finance charges	(22)	(75)	(1,366)	(710)
Foreign currency translation	75	(249)	(182)	(218)
Travel expenses	(370)	(478)	(248)	-
Marketing & selling	(347)	(602)	123	-
Insurance	(88)	(158)	(179)	-
Data management	(102)	(226)	(255)	(173)
Share of net profit of JV's using equity method	-	-	17	5
Administration & corporate costs	-	-	-	(405)
Share based payment for Investor Relations	-	-	-	(574)
Accounting	(129)	(160)	(291)	-
Due diligence	(235)	(498)	-	-
Public running costs	(339)	(247)	(190)	-
Gain / (loss) on embedded derivative Con Note	-	-	(727)	791
Impairment of capitalised bank licensing costs	-	-	(3,013)	-
Withholding and VAT not claimed	(62)	-	-	-
Other expenses	(343)	(832)	(1,041)	(570)
Sub-Total Expenses	(8,432)	(13,814)	(22,771)	(11,453)
<b>Profit / (loss) before Income Tax</b>	<b>(2,069)</b>	<b>(4,924)</b>	<b>(10,914)</b>	<b>(3,112)</b>
Income tax expense	-	(30)	(47)	(7)
<b>Profit / (loss) after income tax</b>	<b>(2,069)</b>	<b>(4,954)</b>	<b>(10,961)</b>	<b>(3,119)</b>



# Cashflow

- \$10m cap-raise in H1 FY21 funded current growth strategy
- Additional \$3m cash invested by BC Invest in H2 FY21
- Continued focus on leveraging strong balance sheet for growth

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Key cash flows	FY18 \$'000	FY19 \$'000	FY20 \$'000	H1FY21 \$'000
<b>Cash flows from operating activities</b>				
Receipts from customers	33,894	27,464	28,973	15,322
Payments to suppliers and employees	(37,266)	(30,380)	(31,379)	(18,346)
R&D Grants	-	924	1,022	-
Government Stimulus	-	-	271	616
Interest and other finance costs Nett	(4)	(111)	(124)	(99)
<b>Net cash from/ (used) in operating activities</b>	<b>(3,376)</b>	<b>(2,103)</b>	<b>(1,237)</b>	<b>(2,507)</b>
<b>Cash flows from investing activities</b>				
Plant & equipment	(138)	(528)	(50)	(72)
Intangible assets	-	-	(1,139)	(170)
Security deposits	-	-	(147)	-
Banking licence	(209)	(1,663)	-	-
Business Acquisition & Investment related Nett	82	(400)	(190)	90
<b>Net cash from / (used) in investing activities</b>	<b>(265)</b>	<b>(2,591)</b>	<b>(1,526)</b>	<b>(152)</b>
<b>Cash flows from financing activities</b>				
Issue of shares net of costs	7,421	1,840	134	9,544
Related party & other borrowing cash flows	-	400	(403)	78
Convertible note facility & related cash flows	-	-	4,247	-
Repayment of lease liabilities	-	-	(240)	(193)
<b>Net cash from / (used) in financing activities</b>	<b>7,421</b>	<b>2,240</b>	<b>3,738</b>	<b>9,429</b>
<b>Net increase / (decrease) in cash &amp; equivalents</b>	<b>3,780</b>	<b>(2,454)</b>	<b>975</b>	<b>6,770</b>
Cash & equivalents at beginning	654	4,509	1,807	2,600
Effects of exchange rate changes	75	(248)	(182)	(218)
<b>Cash &amp; equivalents at the end</b>	<b>4,509</b>	<b>1,807</b>	<b>2,600</b>	<b>9,152</b>

# Summary

- Multiple years of strong revenue growth
- Experienced leadership team
- Large addressable markets
- Hard to replicate ecosystem in place
- Large sales pipeline
- Strong balance sheet supports growth-focused strategy



# Novatti

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