



# Novatti Group Limited

(ASX:NOV)

**Annual General Meeting**

28 November 2024

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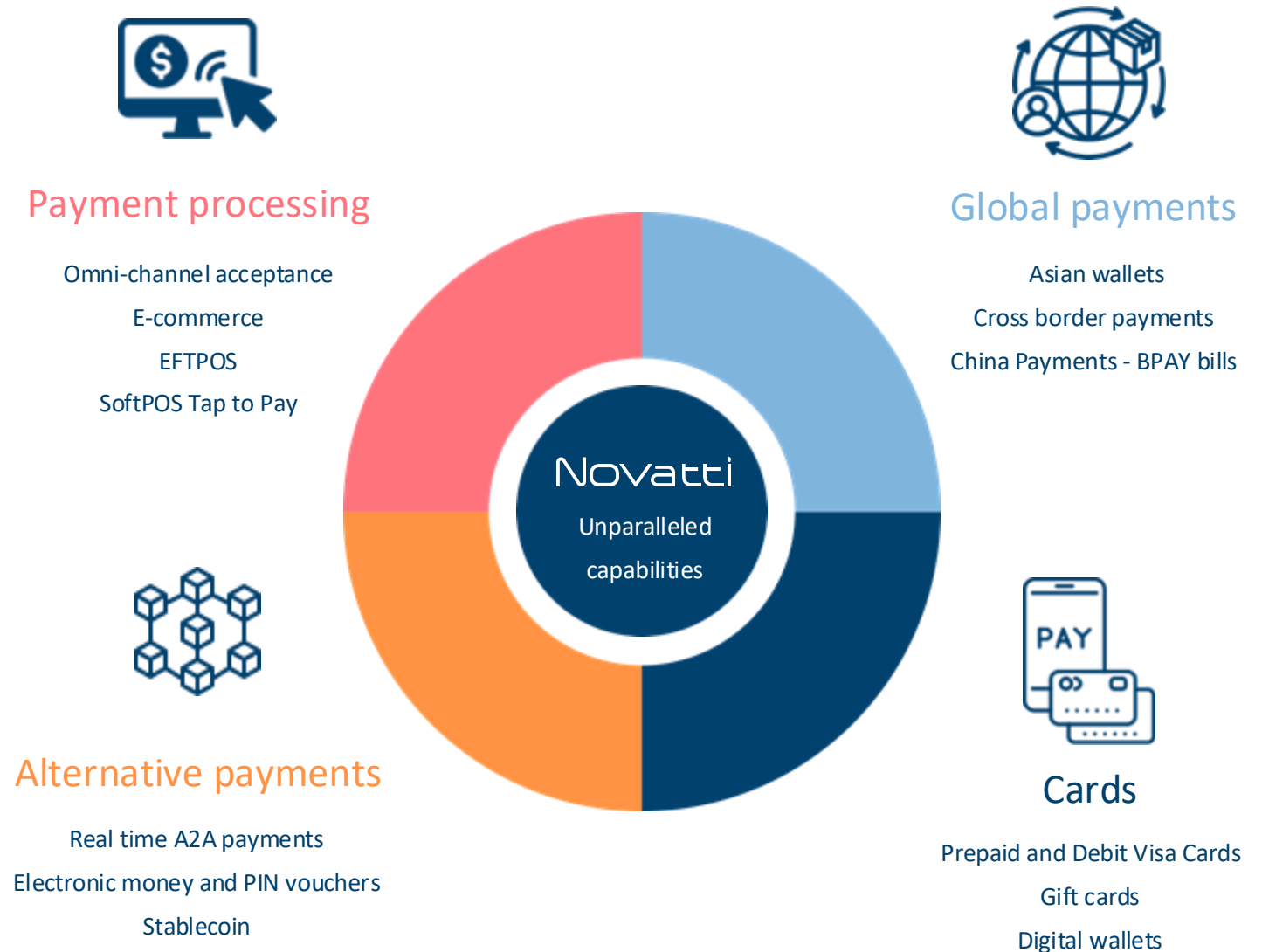
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# Our purpose

We enable  
businesses to  
pay and be paid,  
from any device,  
anywhere



# Our strategy

Transformation into a focused **Total Payment Solutions** business focused on AU/NZ markets.  
Underpinned by **positive cashflow** and **3 year 70%+** margin **targets**.



**Simplify  
the Business**



**Market Led,  
Customer-Focus**



**Lift Financial Performance**

# Transitioning to a focused **growth model**

New leadership successfully implemented business streamlining, cost reductions and asset sales

## SUBSTANTIAL PROGRESS MADE IN FY24



### Leadership

- New turnaround C Suite in place
- Clear strategy established
- Execution impact evident



### Asset Sales

- November 2023 – sale of stake in Reckon Ltd (ASX: RKN) shares for \$8.9m
- July 2024 - sale of stake in International Bank of Australia (IBoA) for \$2.9m



### Streamlined Business

- Merged Australia and New Zealand payments businesses
- Exiting complex services (Cross Border Affiliates)
- Consolidating infrastructure and process







### Operating leverage

- \$9.8m annualised cost savings implemented
- Reviewed customer base for sustainable margins

# Strategy plays to our strength

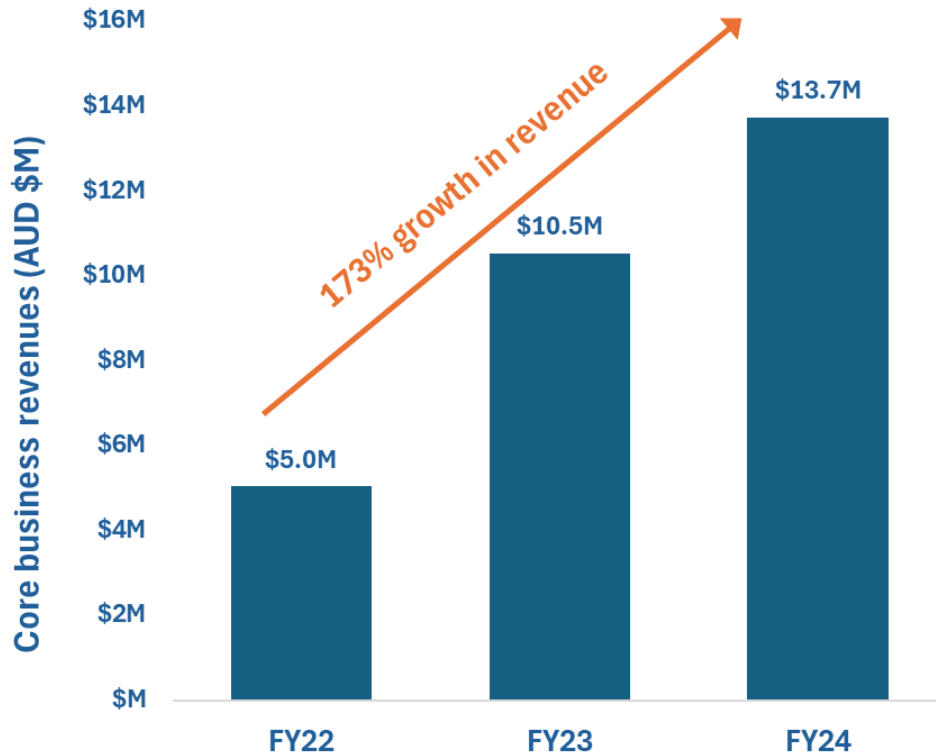
Core focus on **total payment solutions in AU/NZ** with sale of non-core assets ongoing

	Core Focus	Non-Core		
	 <b>Payments AU/NZ</b>  Issuing Cross Border Acquiring Bill Payments	 <b>Payments International</b>  Alternate Payments  ATX	 <b>Technology Solutions</b>  Basis 2 Emersion Enterprise Software	 <b>Investments</b>  <i>International Bank of Australia</i> AUDD Divested Self funding
FY24 Revenue	\$13.7m	\$22.2m	\$5.8m	
FY24 Gross Margin	\$6.0m	\$5.3m	\$5.5m	

# Growing core business

Focus on growing core business of **total payments solutions across AU/NZ**

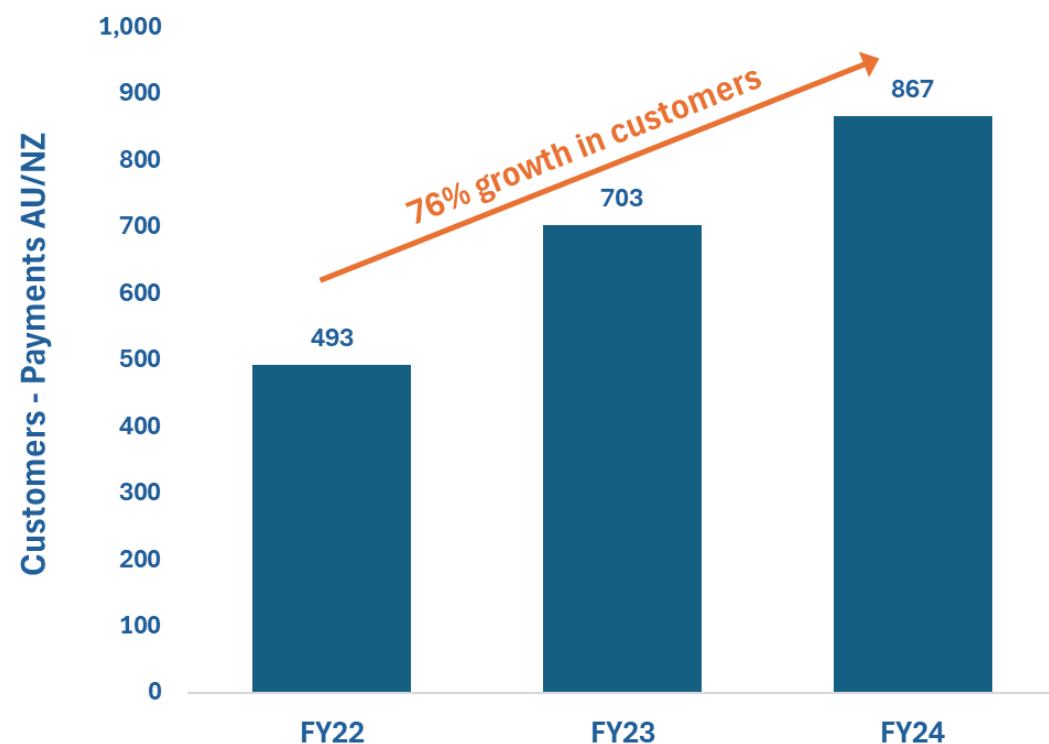
## CORE BUSINESS REVENUES (\$M)



- Core business includes: Acquiring, Issuing, Cross Border, Account Based Payments, ChinaPayments, NovattiBillPay
- \$13.7m core business revenue
- 173% revenue growth in 2 years
- 65% compound annual growth rate (CAGR) FY22 – FY24

# Growing core business

Driven by strong growth in **customers and gross transaction value (GTV)**





# FY24 – Lifting financial performance\*

**\$42.9m**

FY24  
Group Revenue  
– New record

**\$9.8m+**

Annualised cost  
reduction implemented since  
start of FY24

**+26%**

Increase in Q1/FY25  
revenue YoY

**-29%**

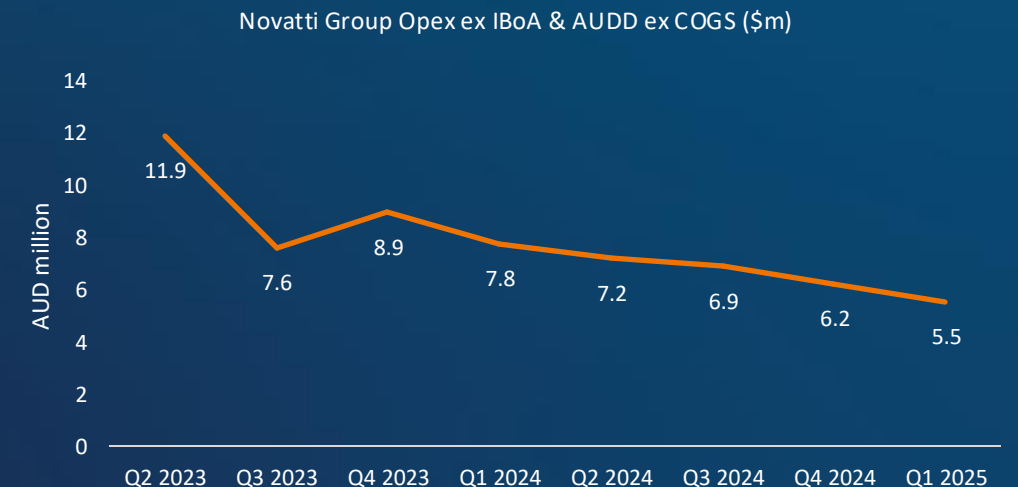
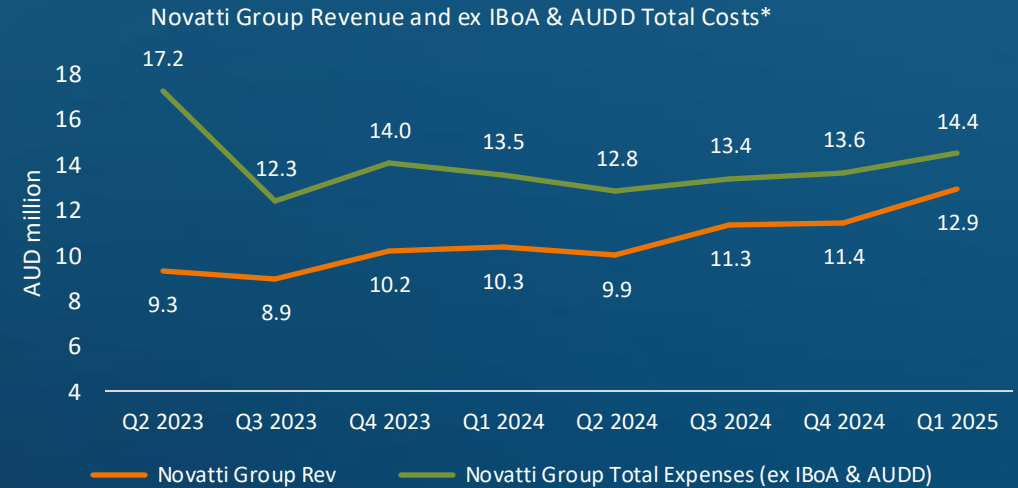
Decrease in Q1/FY25  
expenses YoY\*\*

**~\$4.6m**

Cash at end  
of Q1 FY25

**~\$1.8m**

Normalised net  
operating cash outflow  
in Q1 FY25



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\*All figures throughout this presentation relating to FY25 remain unaudited unless stated otherwise. References to Opex excludes cost of goods sold.

\*\* Excluding expenses associated with Investments: International Bank of Australia and AUDD Stablecoin

# FY25 – Focused on positive cashflow target

## Further cost reduction

- \$2.8m in annualised cost savings implemented:
  - Removal of wholesale Cross Border services
  - Reduction in off-shore technology
  - Reduction in office footprint/expense
- Further optimisation and divestment decisions expected following strategic review



## High margin revenue

- Target verticals – Education, Real Estate, Health
- Targeting mid-sized merchants and integrated software partners
  - Internationals entering AU and NZ
  - Operating partnership - high engagement, high trust
  - Require a tailored payment solution
- Active account management – financial performance and risk profile

# The path forward

- Novatti brand refresh and repositioning underway
- Entry and penetration of target verticals and segments
- Impact of further \$2.8m in annualised cost removal to flow through
- Payments AU/NZ supply chain restructure to improve gross margin – retain a 70%+ FY27 target
- Finalise previously announced capital raising
- Further optimisation and divestment decisions expected across portfolio
- Positive monthly operating cashflow target in Jan 2025



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