



Novatti Group Limited

(ASX:NOV)

December Quarter FY25 – Activities Update

31 January 2025

Novatti

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Our Purpose

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

Competitive advantage is **Total Payment Solutions**

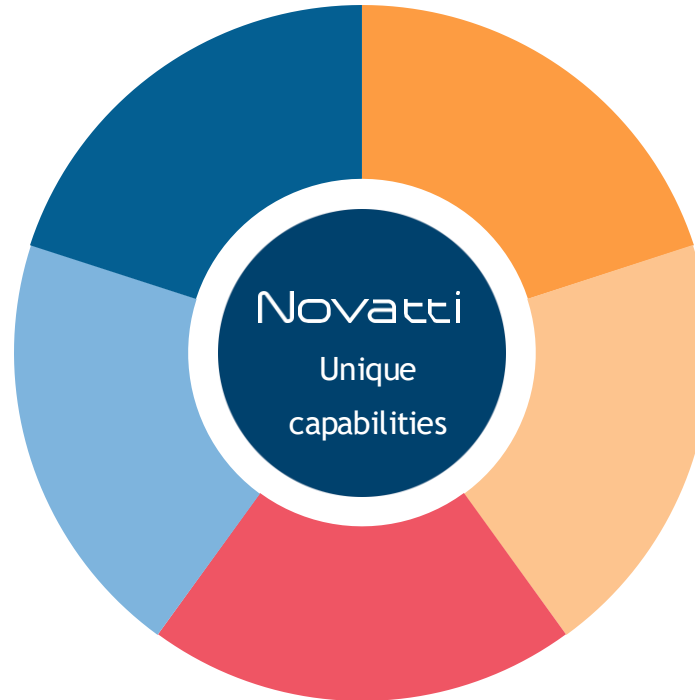
A full payments stack and ability to offer E2E solutions for customers




Acquiring
Omni-channel payment acceptance for merchants: online, embedded and in-store



China Payments & Novatti BillPay
Payments processing via Asian Wallets (Alipay, WeChatPay, UnionPay)



Account Based Payments
Domestic pay by bank processing (direct debit and real time)



Issuing
Visa prepaid, debit and gift cards, digital wallets and program management



Cross Border Payments
Global currency accounts and international transfer payments network in 30+ currencies

Our strategy

Transformation from a group of independent businesses to a focused Total Payment Solutions business.
Underpinned by **positive operating cashflow & 3 year 70%+ margin targets***



**Simplify
the Business**



**Market Led,
Customer-Focus**

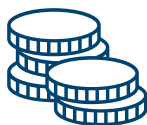


Lift Financial Performance

*Operating cashflow as measured by cash EBITDA and excludes historic creditor liabilities

Positive operating cashflow **on track** for H2 FY25*

Expect to come within \$30k of positive monthly operating cashflow in January and remain on track to achieve positive operating cashflow for the half-year ending June 2025*



COST REDUCTIONS

- \$9.8m in annualized costs removed since Q1 FY24
- Full impact to be seen from Q3 FY25
- Expenses down 7% QoQ and 28% YoY**



STRATEGIC PARTNERSHIPS

- Provide volume and operating leverage over fixed cost base
- Switching solutions to provide better customer offering and cost saving



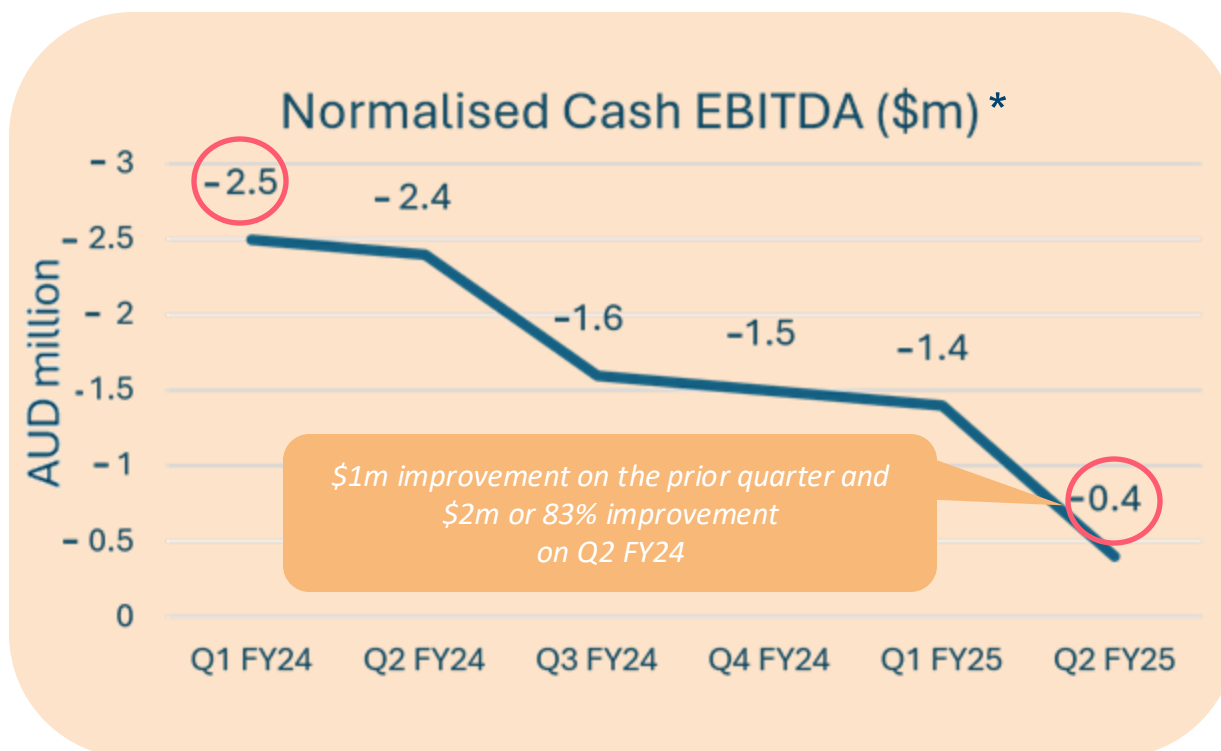
ASSET SALES

- Several non-core assets to be sold
- One potential multi-asset purchaser expected to commence detailed due diligence



CAPITAL MANAGEMENT

- Any surplus capital from asset sales creates potential surplus capital management options



*Operating cashflow as measured by cash EBITDA and excludes historic creditor liabilities.

**Normalised excluding COGS and expenses associated with investments in IBaA and AUDD Stablecoin

Q2 FY25 – initiatives implemented

Simplify the Business



Market Led, Customer Focus



Lift Financial Performance

- Further clearing historic liabilities
- Further non-core asset sales progressed with potential purchasers
- Streamlining processing platforms to reduce costs

- Brand refresh & repositioning to launch in February 2025
- Upgrading elements of supply chain to improve product market fit
- New solution to streamline onboarding and remove customer pain-points

- High quarterly revenue maintained at \$12.9m - up 30% YoY
- 7% QoQ and 28% YoY reduction in expenses*
- \$1m QoQ and \$2m YoY improvement in normalised cash EBITDA**
- Capital Raise strengthened balance sheet

Q2 FY25 – results highlight closing in on turning point*

\$12.9m

Q2 FY25
Group Revenue
– up 30% YoY

\$9.8m+

Total annualised cost
reduction now
implemented

+7%

QoQ and 28% YoY
reduction
in expenses**

49%

Payments AU/NZ Q2
gross margin –
on path to 70%

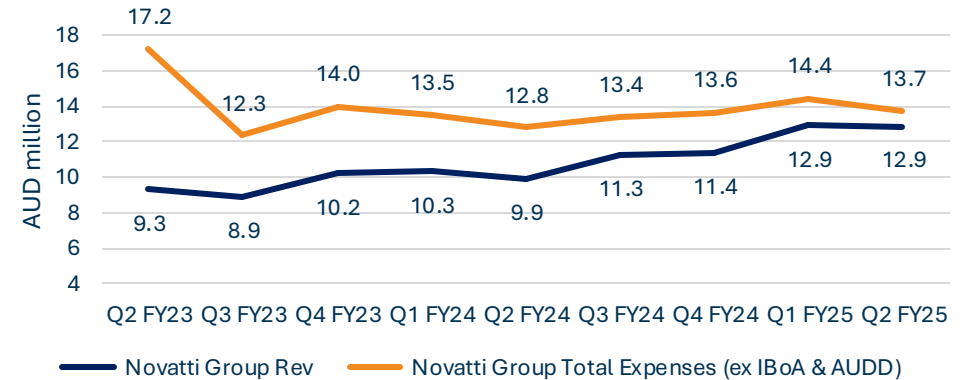
15%

Increase YoY in
Payments AU/NZ
gross margin

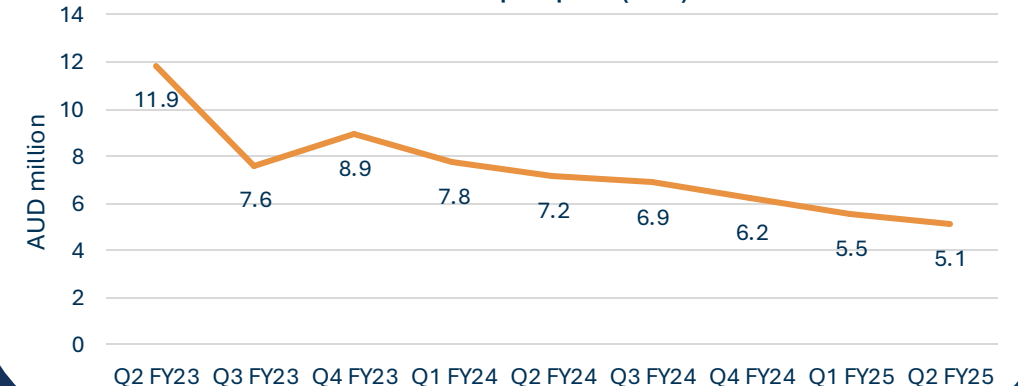
~\$6.25m

Cash at end
of Q2 FY25

Novatti Group Revenue and Total Costs (\$m)**



Novatti Group Opex (\$m)**



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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.

** Normalised excluding expenses associated with Investments: International Bank of Australia and AUDD Stablecoin

Q2 FY25 – cash used to strengthen balance sheet

\$6.25m

Cash at end
of Q2 FY25

\$7m+

Capital raised
in Q2
FY25

	Reported Q2 FY25 cashflow	Normalisation adjustments	Normalised Q2 FY25 cashflow
	\$'000	\$'000	\$'000
Receipts from customers	25,357		25,357
Product manufacturing and operating	(22,951)		(22,951)
Staff Costs	(4,321)	1,095 (Historic PAYG and staff exit costs)	(3,226)
Fixed Costs	(2,007)	298 (Historic creditor payments)	(1,709)
Other	367		367
Net Operating	(3,555)	1,393	(2,162)

Normalisation adjustments relate to abnormal non recurring costs and strengthening the balance sheet by reducing short term liabilities

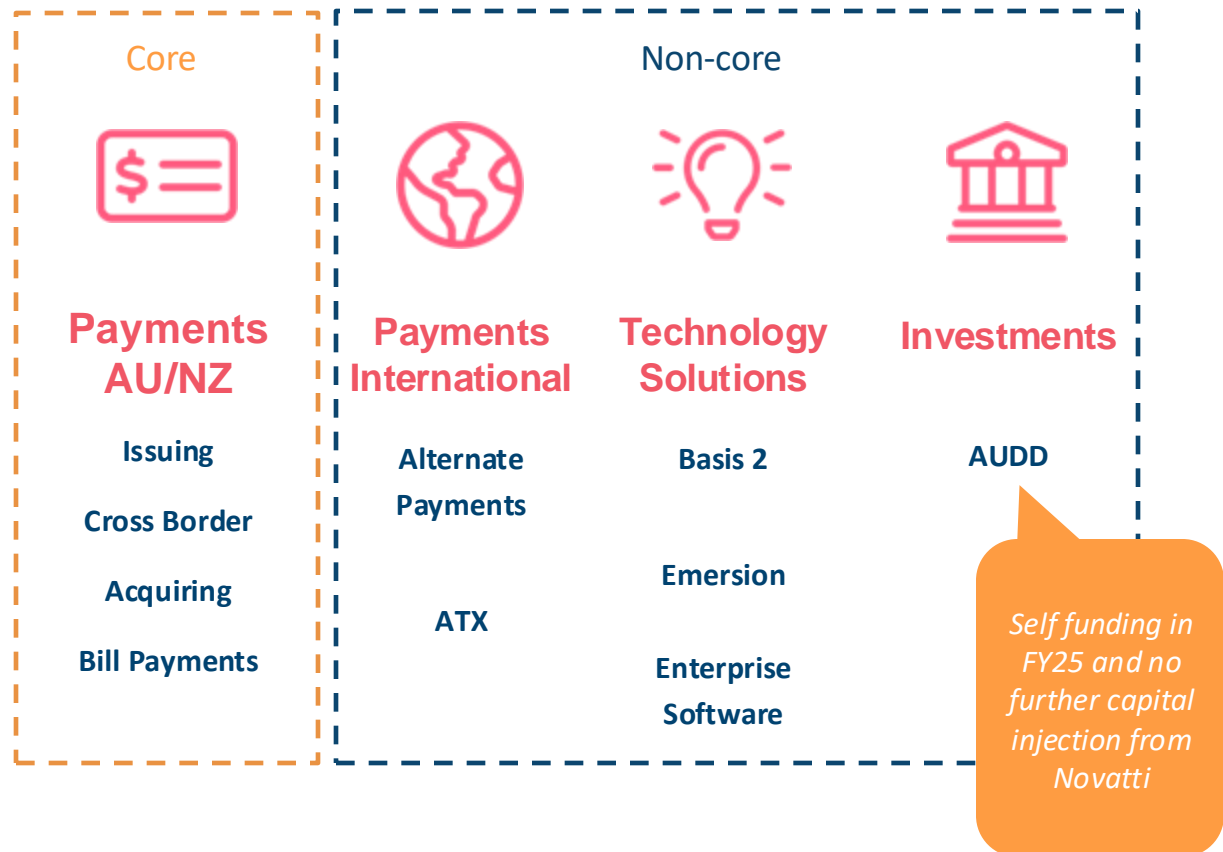
Q3 FY25 – driving growth in key areas

Continued streamlining

- Non-core assets under sale process

Market led, customer focus

- Brand refresh to launch in February 2025 incorporating customer feedback
- New website demonstrating 'One Novatti' offering and fusion of products
- Cross product onboarding optimisation to improve customer experience
- Active account management – continue to review with gains in Payments AU/NZ margins expected



Where the growth lies - Payments AU/NZ



Australian businesses believe they need to improve their payment systems



Medium and large businesses said payments are critical for their digital transformation



Businesses that invested in digital payments reported improved revenue or customer relationships

The path forward

- Achieve positive operating cashflow*
- Major cost reduction program now implemented - focus shifts to driving growth from core Payments AU/NZ:
 - Brand refresh and repositioning go live in February 2025
 - Continued penetration of target verticals and segments
 - Drive margin growth in Payments AU/NZ – retain a 70%+ FY27 target
- Continued business streamline through non-core asset sales



This presentation has been approved for release to the ASX by Mark Healy, CEO and the Board.

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