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Novatti

Investor Presentation

Peter Cook

Managing Director

www.novatti.com

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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



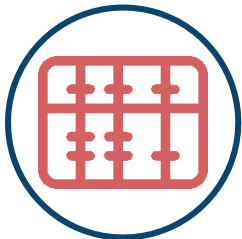
\$158m+

Market Cap
(at \$0.655)



241.9m

Total
Shares



~\$10m

Current
Cash



\$2b+

Annual
Transaction
Volume



100+

Employees



7+

Markets
Globally



\$16m+

Annualised
Revenue



400+

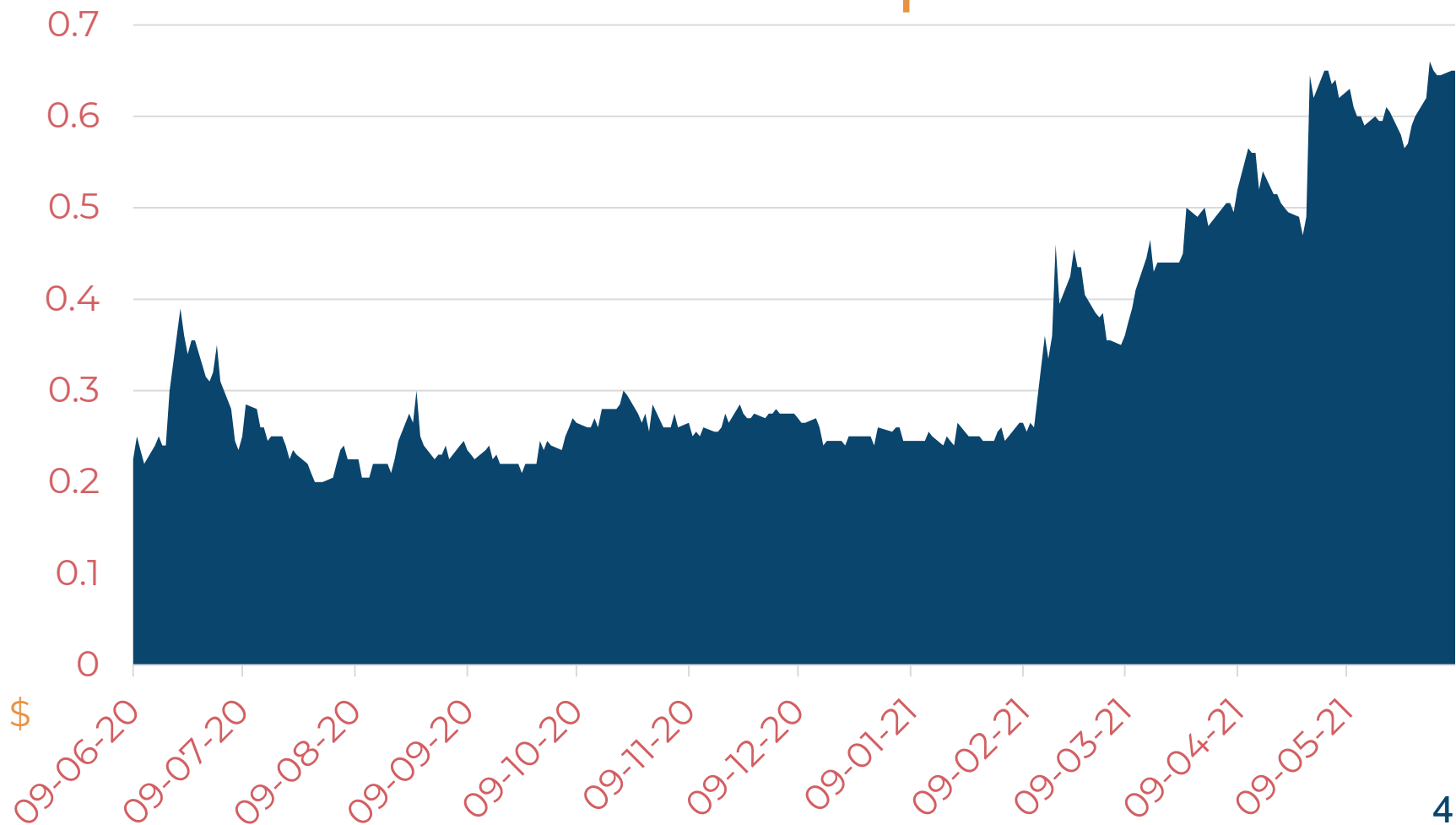
B2B
Customers

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Substantial shareholders

	Number		Number	% Held
Top 20 Holders			141,691,052	58.57%
including substantial holders:				
Brayter Limited			46,631,507	19.28%
Qing Li			22,907,452	9.47%
and Director interests:				
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%
Director Interests Total			28,469,842	11.77%

Twelve month share price chart



Board

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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

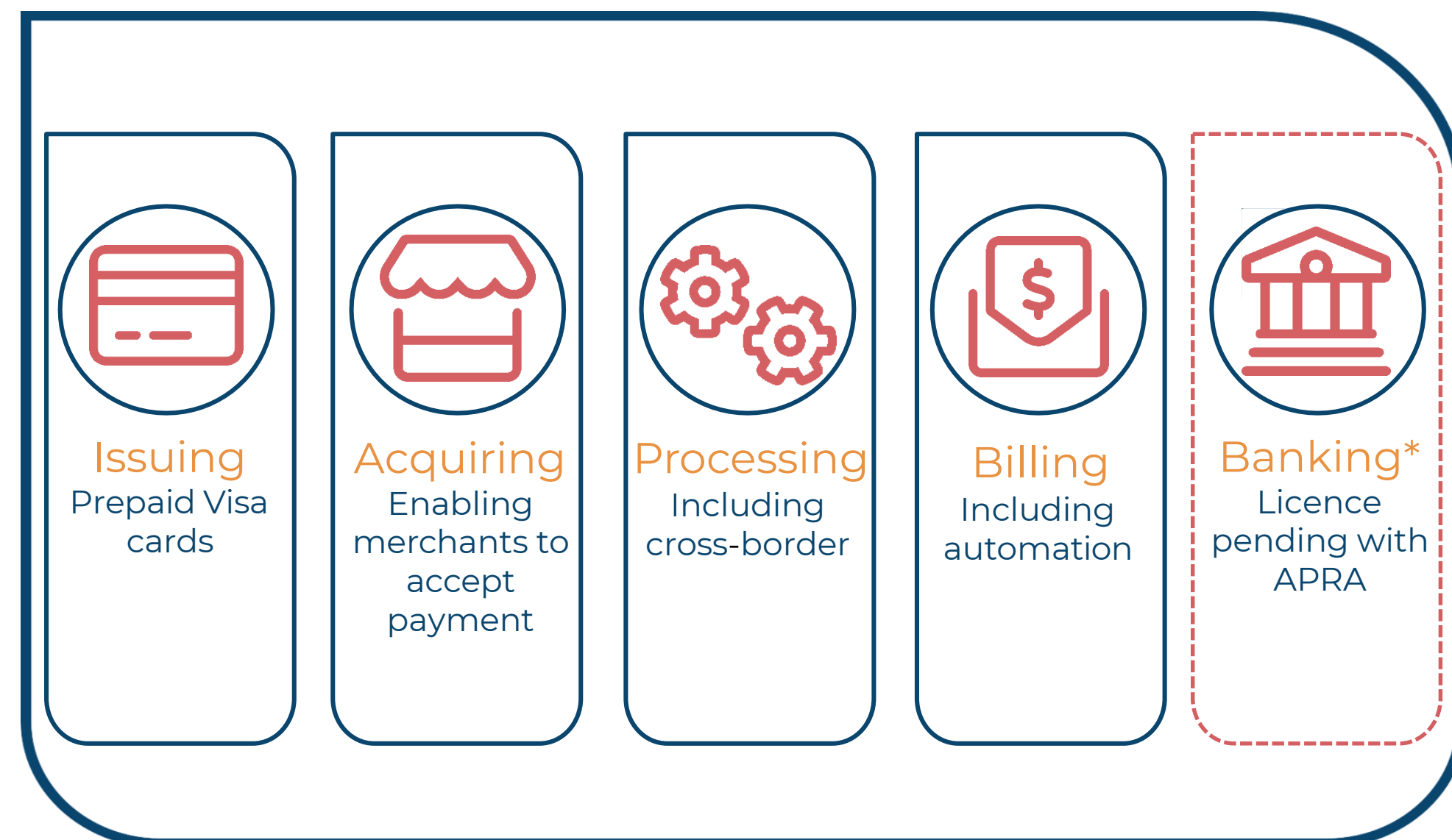
Non-Executive Director

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

Business Overview

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- 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*

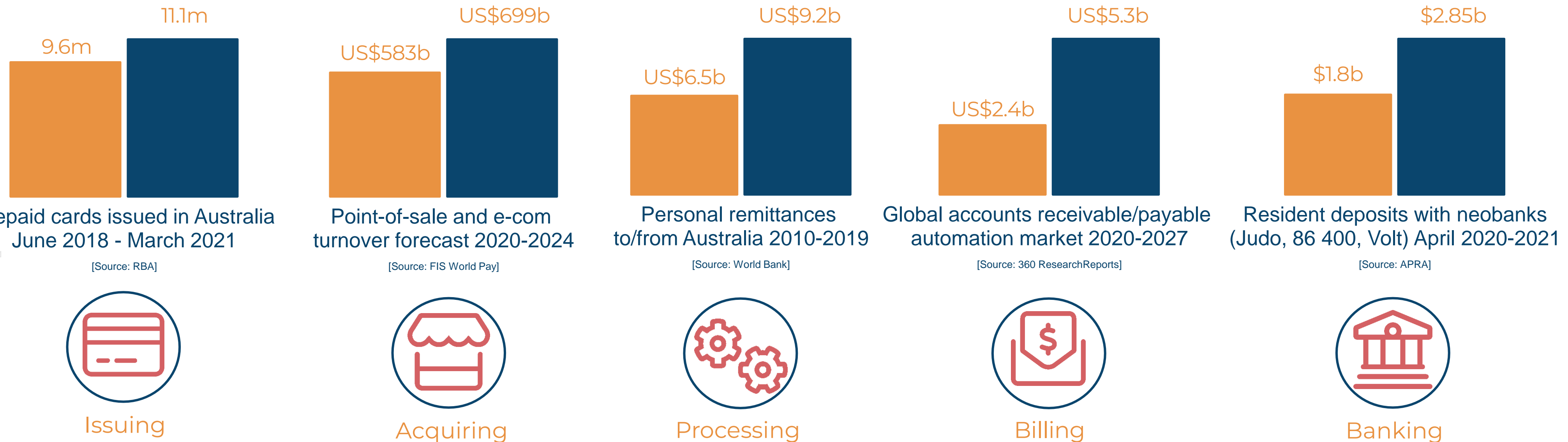


*Licence pending with APRA

Structural change driving growth in all market segments

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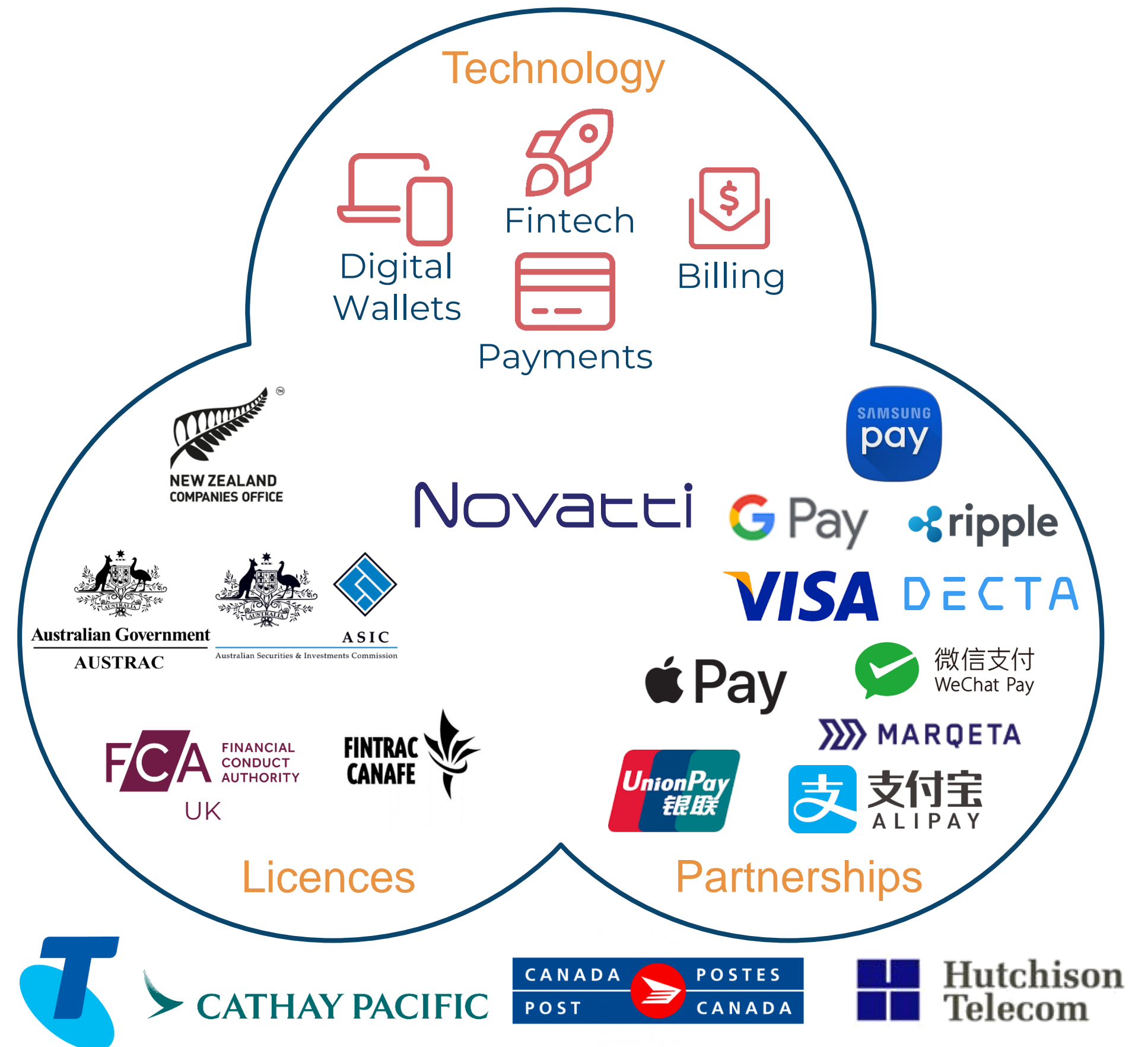
Novatti's business is focused on capturing key growth markets:



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 **VISA**
- 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

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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:

VISA



PayPal

Apple Pay

- Integrated with:



WooCommerce

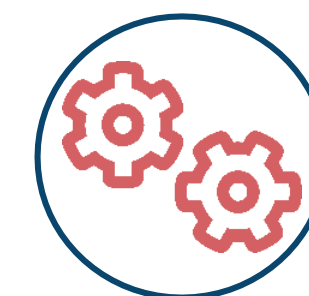
opencart

PrestaShop

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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Processing



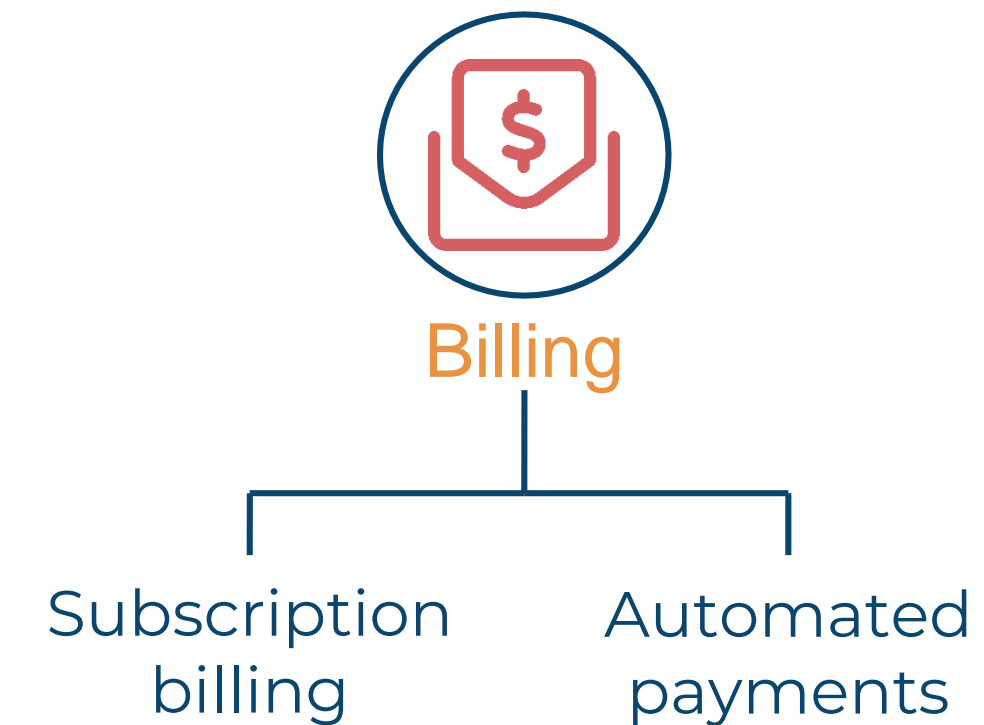
Solution profile  China Payments

- 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



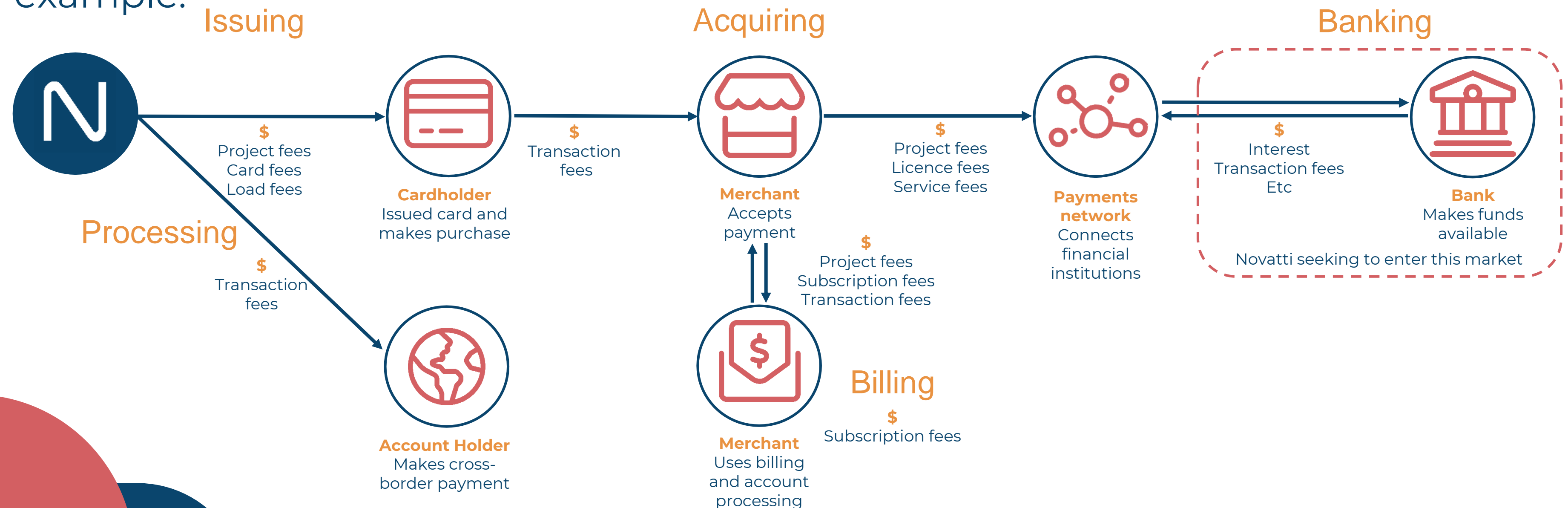
- Operates in seven countries, including Australia, the United Kingdom, Singapore, and China
- Leading international financial services provider specialising in lending and asset management
- Strong in-market lending operations, with more than AUD\$1.1b of mortgage loans and over 3,800 customers (APRA 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

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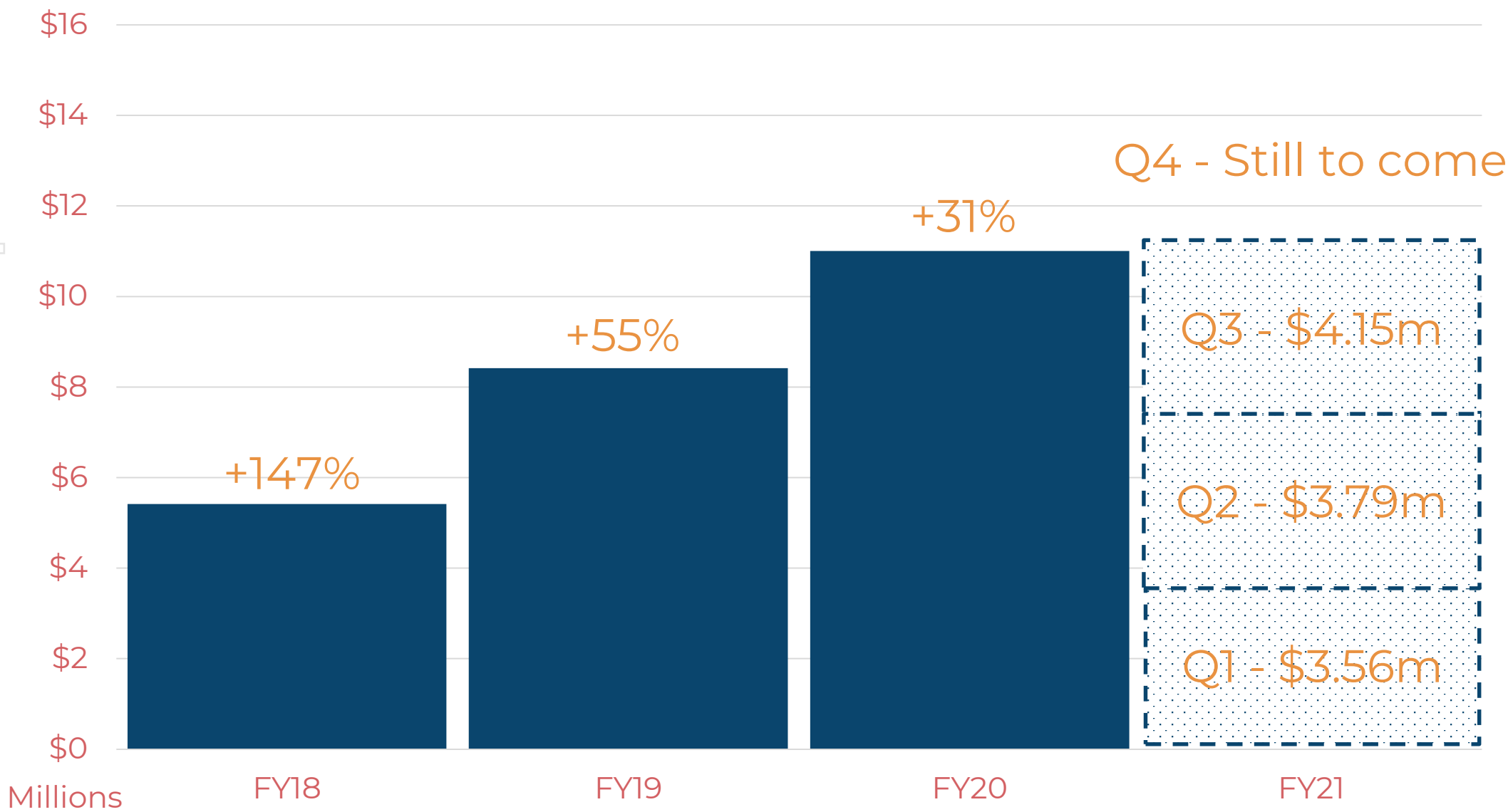
- Novatti provides all the solutions required for businesses to **pay and be paid**
- This enables Novatti to capture multiple revenue opportunities across the value chain
- Typical revenue may include: Subscription Fees, Project Fees, Transaction Fees
- For example:



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



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	FY18 \$'000	FY19 \$'000	FY20 \$'000	H1FY21 \$'000
Sales Revenue	5,425	8,416	11,004	7,350
Other Income	939	474	853	991
Total Revenue	6,364	8,890	11,857	8,341
Sales Revenue:				
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
Sales Revenue	5,425	8,416	11,004	7,350

Balance Sheet

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

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Key balance sheet items
as at

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

Profit & Loss

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

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Revenue

Other Income

Total Revenue

Expenses

Client Hosting and other direct services

Employee benefits

Depreciation & amortisation

Occupancy

Finance charges

Foreign currency translation

Travel expenses

Marketing & selling

Insurance

Data management

Share of net profit of JV's using equity method

Administration & corporate costs

Share based payment for Investor Relations

Accounting

Due diligence

Public running costs

Gain / (loss) on embedded derivative Con Note

Impairment of capitalised bank licensing costs

Withholding and VAT not claimed

Other expenses

Sub-Total Expenses

Profit / (loss) before Income Tax

Income tax expense

Profit / (loss) after income tax

FY18 \$'000	FY19 \$'000	FY20 \$'000	H1FY21 \$'000
5,421	8,416	11,004	7,350
942	474	853	991
6,363	8,890	11,857	8,341
(742)	(1,879)	(3,134)	(1,938)
(5,245)	(7,685)	(11,235)	(6,830)
(291)	(389)	(905)	(740)
(192)	(336)	(145)	(91)
(22)	(75)	(1,366)	(710)
75	(249)	(182)	(218)
(370)	(478)	(248)	-
(347)	(602)	123	-
(88)	(158)	(179)	-
(102)	(226)	(255)	(173)
-	-	17	5
-	-	-	(405)
-	-	-	(574)
(129)	(160)	(291)	-
(235)	(498)	-	-
(339)	(247)	(190)	-
-	-	(727)	791
-	-	(3,013)	-
(62)	-	-	-
(343)	(832)	(1,041)	(570)
(8,432)	(13,814)	(22,771)	(11,453)
(2,069)	(4,924)	(10,914)	(3,112)
-	(30)	(47)	(7)
(2,069)	(4,954)	(10,961)	(3,119)

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
Cash flows from operating activities				
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)
Net cash from/ (used) in operating activities	(3,376)	(2,103)	(1,237)	(2,507)
Cash flows from investing activities				
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
Net cash from / (used) in investing activities	(265)	(2,591)	(1,526)	(152)
Cash flows from financing activities				
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)
Net cash from / (used) in financing activities	7,421	2,240	3,738	9,429
Net increase / (decrease) in cash & equivalents	3,780	(2,454)	975	6,770
Cash & equivalents at beginning	654	4,509	1,807	2,600
Effects of exchange rate changes	75	(248)	(182)	(218)
Cash & equivalents at the end	4,509	1,807	2,600	9,152

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

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