

ASX Announcement

30 March 2021

Emersion launches in US ahead of strong forecast market growth

Highlights

- Subscriber billing and payments platform, Emersion, completes next step in international expansion with on time launch in US
- Full SAAS model expected to result in high-margin, recurring revenues from each new customer
- Launch comes ahead of strong forecast growth for key US market segments, including the accounts payable automation market, expected to reach US\$4b by 2025
- Emersion going from strength to strength having achieved continuous revenue growth in each quarter since Novatti's acquisition in April 2020

Novatti Group Limited (ASX:NOV) (Novatti or Company), a leading digital banking and payments company, is pleased to announce that its cloud subscriber billing, business automation and payments platform, Emersion, has launched in the US.

Emersion automates end-to-end business processes, including customer engagement, billing, collections, subscription management and embedded payments, improving customer cashflow, lowering costs, and freeing-up businesses to focus on their customers. Emersion is already available across Australia, New Zealand and Singapore, with the US launch marking the next step in its international expansion.

The global managed services market that Emersion operates in is expected to grow by nearly 50% between 2020 and 2025 to US\$329b.¹ Importantly here, the North American market is many times the size of the Australia-New Zealand market, highlighting the enormous growth opportunity that this US launch presents for Novatti. Further, the US accounts payable automation market is also expected to grow more than 110% between 2019 and 2025, to US\$4b.²

Since being acquired by Novatti less than a year ago, Emersion has gone from strength to strength, including:

- Continuous revenue growth in each quarter, rising to more than \$550,000 in December FY21 quarter
- Quarterly recurring revenue up nearly 20%

¹ See https://www.marketsandmarkets.com/Market-Reports/managed-services-market-1141.html?gclid=CjwKCAjwxuuCBhATEiwAIIIz0Qj4A3xzdChcYUrAatEXxNhQ4jW-_mbhd1-Wk_Qwr0qnYsyceJhkBxoCEpMQAvD_BwE

² See <https://www.globenewswire.com/news-release/2020/12/16/2146016/0/en/Accounts-Payable-Automation-Market-to-reach-US-4-billion-by-2025-Global-Insights-on-Trends-COVID-19-Impact-Analysis-Key-Stakeholders-Expansion-Plans-Regulatory-Landscape-Growth-Dri.html> and <https://www.globenewswire.com/news-release/2019/11/08/1943839/0/en/The-Accounts-Payable-AP-automation-market-is-expected-to-grow-at-a-CAGR-of-11-0.html>

- Securing an average of five new customers a month, up from an average of less than two prior to acquisition

Emersion's customer acquisition in the US will be aided by its launch last year on global business app marketplace, Salesforce AppExchange.³ It will also be available through other major customer acquisition platforms, including ConnectWise Marketplace.⁴

Emersion has also integrated to, and executed a reseller agreement with, Wolters Kluwer's CCH SureTax for tax calculation and compliance for the US telco market. This will enable managed service providers and telcos to accurately calculate and present tax for voice and data services.

Managing Director of Novatti, Peter Cook, said: "Emersion's strong, ongoing performance continues to reinforce Novatti's strategic rationale for its acquisition last year. Emersion's customer base across Australia, New Zealand and Singapore provides a solid foundation to continue its international expansion, starting with this launch in the US.

"Emersion's launch in the US comes ahead of significant growth forecast for its key market segments in the coming years. This presents a great opportunity for Novatti, with Emersion's full SAAS platform expected to deliver high-margin, recurring revenues with each new client."

Further information on the capabilities of the Emersion platform can be seen at: <https://www.emersion.com>.

The launch of Emersion in the US follows a number of Novatti's other recent growth-focused achievements, including:

- Supporting two innovative B2C platforms in LITT and Lifepay to hit the market with innovative fintech offerings⁵
- Record half-year sales revenue of \$7.35m, up 49% year-on-year, highlighting consistent, long term growth⁶
- Novatti's Visa Prepaid cards now being supported by Apple Pay⁷
- Being licenced by Visa to issue prepaid cards in New Zealand⁸

Novatti invites investors to keep up to date with company news, events and industry research by joining the Novatti mailing list at: <https://www.novattigroup.com/subscribe>

³ Novatti ASX Announcement – *Salesforce clears Emersion for launch on global marketplace* – 4 September 2021 and listing available at: <https://appexchange.salesforce.com/appxListingDetail?listingId=a0N3A00000FvMxtUAF>

⁴ See: <https://marketplace.connectwise.com/emersion>

⁵ Novatti ASX Announcement – *Lifepay moves to commercial launch* – 11 March 2021, and *Novatti fintech underpins record breaking hybrid social media platform LITT* – 17 March 2021

⁶ Novatti ASX Announcement – *Half year update and Appendix 4D* – 25 February 2021

⁷ Novatti ASX Announcement – *Novatti's Visa Prepaid cards now supported by Apple Pay* – 22 January 2021

⁸ Novatti ASX Announcement – *Visa licences Novatti to issue cards in New Zealand* – 20 January 2021

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

About Novatti Group Limited (ASX:NOV)

Novatti is a leading digital banking and payments company. Its fintech, billing, and business automation platforms make payments fast, simple, and secure. Payments services include card issuing, merchant acquiring, payment processing and settlements, and enable our customers to thrive as we shift to a cashless economy. Novatti holds all necessary regulatory licences and registrations, including an Australian Financial Services Licence (No 448066) through its subsidiary Flexewallet Pty Ltd, registration in New Zealand as a Financial Services Provider (FSP613789) through subsidiary Flexewallet (NZ) Limited, is registered with AUSTRAC as a Remittance Network Provider, and has applied to APRA for a restricted banking licence through its subsidiary Novatti IBA Pty Ltd.