

ASX Announcement

30 July 2019

June 2019 Quarterly Update

Highlights

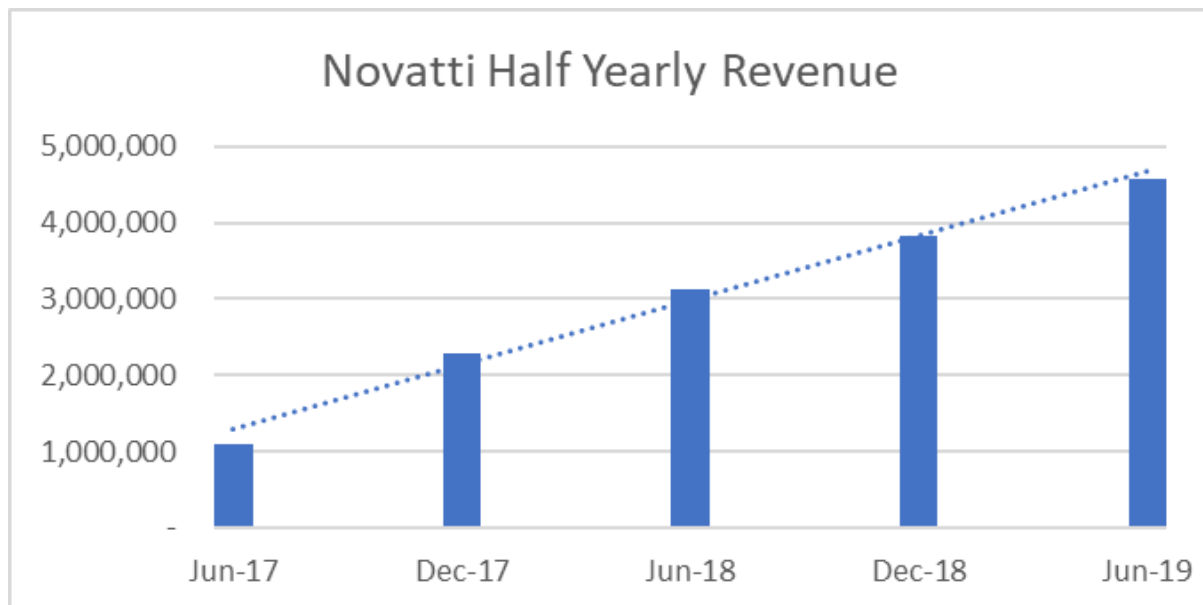
- **FY19 total revenue of \$8.9m (unaudited), up 39% on FY18**
- **\$4.5m revenue in the half, up 46% over the same half in FY18**
- **Inaugural quarterly revenue in excess of \$2.5m**
- **Quarterly payment processing revenue of \$1.12m, up 52% over the same quarter last year**
- **Application for Restricted Authorised Deposit Taking Institution (RADI) banking licence is proceeding well**

Novatti Group (ASX: NOV or 'the Company'), an online financial transactions processor and financial technology developer, is pleased to provide its quarterly update for the three months ended 30 June 2019.

Finance Update

Total revenue for FY19 was \$8.9m (unaudited), represented 39% growth over FY18's total revenue of \$6.4m.

Novatti revenue for half was \$4.5m (unaudited).

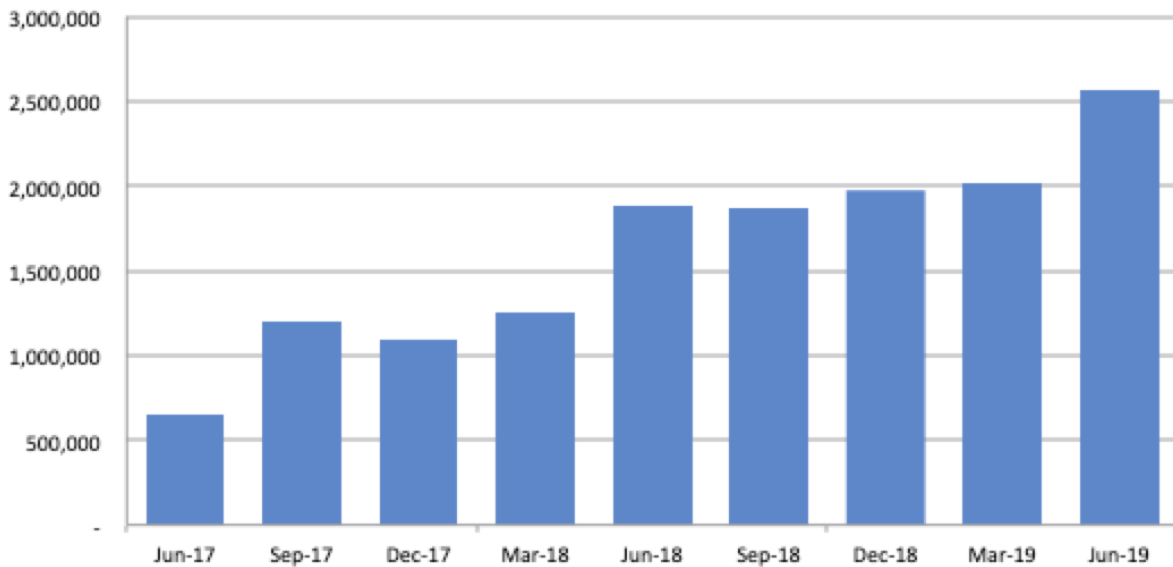


With the ongoing commercialisation of new products and services, revenues are expected to continue growing. Based on our performance history, our ongoing growth across a wide

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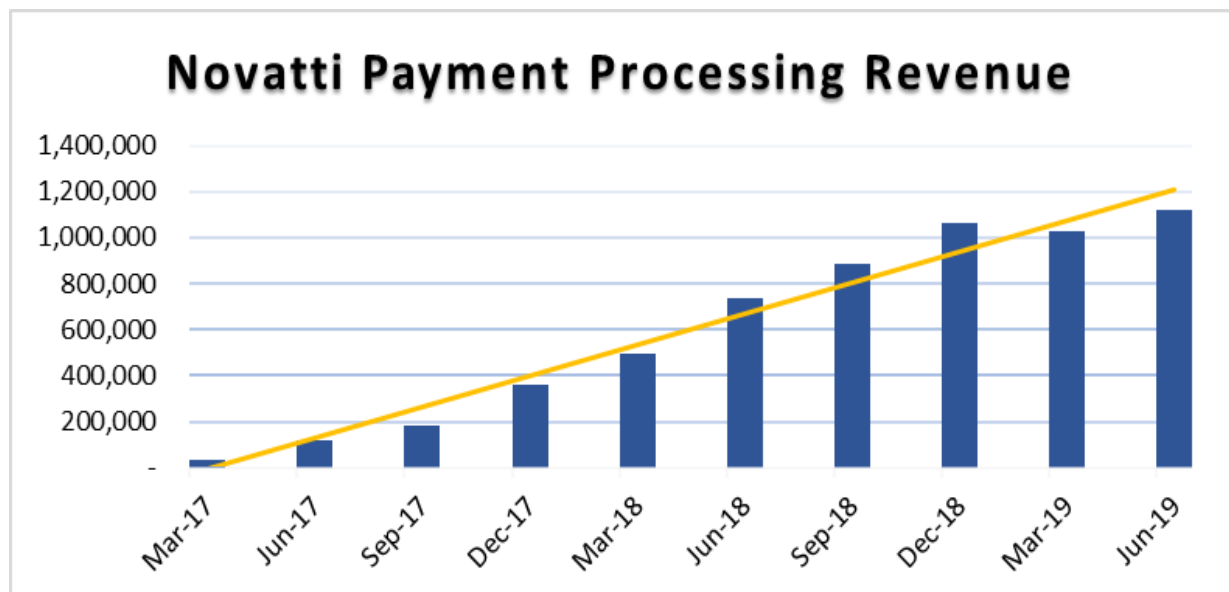
range of offerings to the customer and improved market penetration, Novatti is aiming to achieve our first normalised operating profitable quarter (excluding restricted banking license) this financial year.

Novatti Quarterly Revenue



Processing revenue recovered from a dip in the March quarter and we achieved a new quarterly revenue record of \$1.12m. This is an increase of 52% over the corresponding period in the previous financial year. Continued growth is anticipated in forthcoming quarters.

Novatti Payment Processing Revenue



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Operational Update

The June quarter has seen significant progress across the Novatti group. The Company delivered strong revenue growth due to increased demand for its payment processing and technology services. The growth in transactional revenues was driven by increases in remittances, cash vouchers (Flexepin) and China Payments. The momentum in the Company's core payment processing business is a result of ongoing business development activity and the constant acquisition of new B2B clients. It provides a solid foundation for the Company's operating performance going in to FY20.

Expenses incurred closely match the requirement to support new business initiatives and existing business needs.

New Business Initiatives

During the June quarter the Company announced an agreement with IBM World Wire to be integrated with the Novatti payment platform and the launch of Send FX, an international remittance company using blockchain technology. This is consistent with Novatti's strategy of bringing blockchain based technologies and global partnerships to commercial reality for the Company's cross border processing services and longer term focus on digital banking.

APRA banking licence

Novatti lodged its application to APRA for a restricted Authorised Deposit-Taking Institution (ADI) or banking licence in November 2018. The focus of such a banking licence is to offer new banking services to Australian customers with a focus on new migrants. The Company has had regular engagement with APRA during the June quarter as APRA reviews Novatti's bank licence application. The Company continues to develop its banking division with the next funding required for the bank potentially being directly into the subsidiary.

Outlook

FY 2020 promises to be a potentially transformational year for Novatti. The Company expects the existing payments processing business to continue to grow strongly driven by new client agreements and volume growth from existing users of our platforms. Revenue streams from new lines of business will be additive to the growth in existing processing revenue streams. The Company will focus on achieving its inaugural normalised operating profitable quarter (excluding restricted banking license).

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If successful, the granting of a restricted banking licence (RADI) from APRA and finalisation of initial funding for the bank should be a catalyst to unlock further significant value for Novatti shareholders.

Further details on the performance of the company will be included in the FY19 full year results to be released towards the end of August.

For further information, contact:

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About Novatti Group Limited (ASX:NOV)

Novatti is an award-winning global software technology, utility billing and payment services provider. Novatti's robust and efficient software solutions include Consumer Digital Wallets, Branchless Banking, Mobile Money, Bill Payments, Remittance Services and Voucher Management Systems. Novatti's transaction processing services include Flexepin, an open-loop cash voucher service, Flexewallet for remittance and compliance services, Chinapayments.com for bill payment services and Vasco Pay a prepaid reloadable Visa card. Novatti subsidiary Flexewallet Pty Ltd holds an Australian Financial Services Licence No 448066 and is registered with AUSTRAC as a Remittance Network Provider. Novatti applied to APRA for a Restricted Authorised Deposit Institution (RADI) licence in November 2018.

www.novattigroup.com

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