

ASX ANNOUNCEMENT

31 January 2018

Strong growth across technology and transactions divisions

Highlights

- Continued strong growth across the business
- Transaction processing revenue increases 93% in the quarter to \$339k
- Agreements with FinTech companies advance opportunity for Novatti to take advantage of growing adoption of Blockchain technology
- Well-funded for strong growth in FY18

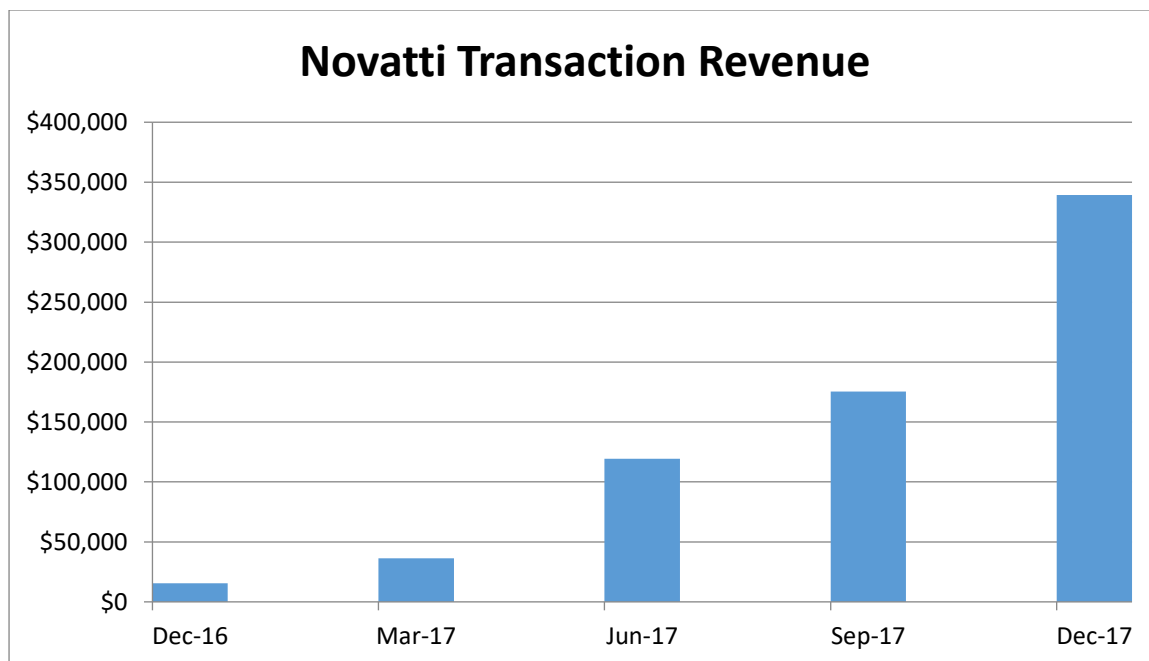
Novatti Group Limited (ASX: NOV, “Novatti”) an online financial transactions processor and financial technology developer is pleased to provide its quarterly update for the three months ended 31 December 2017.

Operating overview

Novatti continues to experience strong growth in its recurring and transactional revenues as it leverages the high growth in mobile and emerging markets as well as the strong growth in demand for remittance services and the rising market acceptance for Chinese payments.

This has been highlighted by the Company’s transaction processing division which has continued to experience strong quarter on quarter growth with revenues increasing by 93% over the previous quarter to \$339,000 (unaudited) from \$175,000.

Most notable is the spread and growth of revenues across multiple revenue streams from a range of services that have been incubated during previous periods. At the same time, operating costs have continued to be reduced such that the company can more quickly come to a point of on-going operating profit.



Leveraging Blockchain Technology

During the quarter Novatti entered into an agreement with US-based Lightyear.io to progress the integration of the Novatti platform into the Stellar network. Stellar is an open-source Blockchain network that makes cross currency and cross asset payments much faster, more efficient and less costly.

Under the agreement the two parties will initially work together to integrate the Novatti platform into the Stellar network. The ultimate aim of the partnership will be to build a global money transfer solution to provide cross border, cross currency and cross asset payments.

In December, Novatti followed the Lightyear agreement with an MOU with Shanghai Ginkgo Financial Technology Co., Ltd (Ginkgo) to develop opportunities to leverage Ginkgo's Blockchain technologies and expertise.

Under the agreement, Novatti and Ginkgo will work on a shared outcome basis to plan, market and deploy Ginkgo starfish Blockchain solutions.

Corporate and Financials

In October 2017 Novatti raised \$3.5m from a Chinese investment group with a further staged investment of up to \$6.5m during the current March quarter. This will allow Novatti to pursue multiple opportunities, particularly across the cross-border and China payments area where it has identified a number of immediate and medium-term opportunities for growth.

The Company finished the quarter with \$4.4 million in cash and with additional funds from the second tranche of the capital raising still to come is well funded to pursue its growth plans over the long term.

Outlook

Novatti expects strong growth across the transaction processing business in the current quarter as the Company continues to acquire new merchants and grow consumer usage. The Company will also look to build its revenue streams in subscription billing over the current and subsequent quarter.

From a technology perspective Novatti will look to continue to incorporate Blockchain technology into its processing business in order to leverage the growth in the leading technology for digital assets.

Novatti is also monitoring the progress of the Australian Prudential Regulation Authority (APRA) proposals to support increased competition in the banking sector and will continue to progress its work internally with the ultimate aim of obtaining an authorised deposit-taking institutions licence (ADI) as part of the changes.

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About Novatti Group Limited

Novatti, an Australian-based company, is an award-winning global software technology and payment services provider. Both through technology and services, Novatti helps economies, corporations and consumers digitize cash transactions. Novatti's robust and efficient software solutions include Consumer Digital Wallet, 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 and TransferBridge, a global remittance network.