

ASX Announcement

30 April 2019

March 2019 Quarterly Update

Highlights

- Inaugural \$2m revenue in a quarter
- Payment processing revenue of \$1.03m for the quarter with growth of 108% to the corresponding quarter last year
- Application for restricted Authorised Deposit Taking Institution (ADI) banking licence in consultation phase
- Continued revenue and operational growth expected in the current quarter

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 31 March 2019.

APRA banking licence

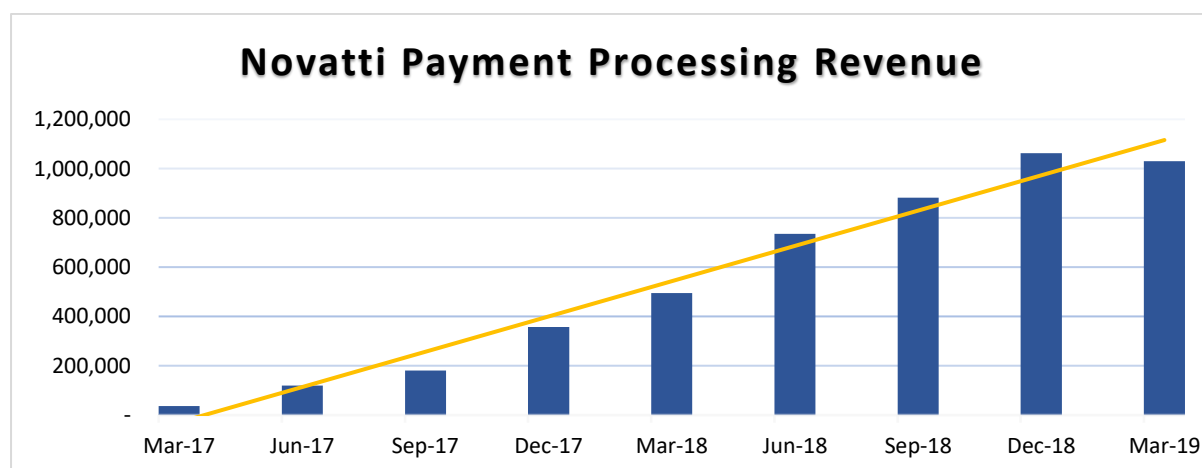
Novatti lodged its application to APRA for a restricted Authorised Deposit-Taking Institution (ADI) or banking licence in November 2018. The focus of such a banking licence is to offer new banking services to Australian customers with a focus on new migrants. Novatti is currently building future banking services customers by way of its remittance services, Vasco prepaid card services and its China Payments bill payment services. Novatti has had regular engagement with APRA during the March quarter as APRA reviews Novatti's bank licence application. In parallel, Novatti's has continued to expand its banking services team in preparation for launch assuming a successful application. In line with its growth strategy, the Company intend to apply for a full non-restricted ADI in due course.

Financial Update

The Company has continued on its revenue growth exceeding \$2.0m for the first time.

Transactional revenue growth was flat being comparable to the prior quarter which management is of the view that this will become the long-term trend with the March quarter having limited growth due to reduced consumer spending post-Christmas and a slow down of new implementations during the December/January periods. Growth is expected to resume in the June Quarter.

The growth compared to the corresponding period last year is 108%.



New transaction processing agreements

During the quarter, Novatti executed agreements with 14 processing partners that should continue to drive additional transaction processing growth in future quarters. This includes agreements with:

- ePay Australia for the provision of Wechat Pay processing on ChinaPayments.com;
- SendFX remittance and cross-border payments network;
- A software solution to a start-up company that is launching a Buy Now Pay Later service in the UK. This provides revenues of \$300k for Novatti in the short term and thereafter ongoing service fees to a maximum of \$400,000 per annum;
- OpenDNA (ASX:OPN) for payment processing where its customers use Alipay and Wechat Pay; and
- Multiple Australian and offshore financial services institutions for the provision of remittance compliance and processing services

IBM World Wire Agreement & Stellar

Novatti announced on 19 March that it has signed to be one of the first companies to join IBM's new cross border payments network called World Wire that is based on the Stellar network. Novatti has integrated the SendFx platform to World Wire and will use the network as one of the alternatives for routing transactions. Novatti should benefit from cheaper and faster transactions in the future.

Novatti is also testing its previously announced Australian dollar stablecoin to be an asset available on World Wire primarily for the settlement of new inbound remittances to Australia.

Outlook

Novatti continues to execute a broad range of B2B financial transaction processing agreements on a regular basis. These agreements help build a high growth revenue business. Novatti aims to maintain its recent cadence of signing 8 - 12 agreements per quarter that support the ongoing growth in the transaction volume and related fees. These agreements variously leverage Novatti's technology, compliance, licencing and commercial networks.

Novatti expects continued engagement with APRA during the current quarter and as APRA reviews Novatti's bank licence application. In parallel, Novatti's banking services team is continuing to prepare for launch assuming a successful application.

Novatti aims to continue its strong revenue growth and in parallel bring through a strong value creation event being the bank licence. In addition, Novatti will continue to assess synergistic acquisitions.

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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