

ASX ANNOUNCEMENT

29 April 2016

NOVATTI ON TRACK TO DELIVER STRONG REVENUE GROWTH FOLLOWING ITS THIRD QUARTER RESULT

Highlights:

- Contract wins for the Technology Division.
- Flexepin has gained strong market traction with commercial operations underway in Canada and Australia.
- Cash on hand (excluding client funds) was at \$5.6m at end of 3QFY16.
- Total revenue in the nine months to 31 March 2016 of \$4.1m, up 32% compared with \$3.1m for entire FY15.
- Novatti well funded to reach key commercial milestones as outlined in its December 2015 prospectus.
- Group revenue will become more recurring in nature as the Company increases its SaaS and financial processing transaction revenues.
- Management expects to announce significant updates for Flexepin and TransferBridge divisions in the short-term.

Novatti Group Limited (ASX: NOV, the 'Company') is pleased to release its inaugural quarterly report for the three months to end March 2016 following its ASX listing on 18 January 2016.

Operating overview

The Company has made significant progress since its January listing and is delivering on its operational goals with the Technology Division securing a number of new contracts in the period and the global rollout of the Flexepin voucher sales Division gathering momentum.

The Technology Division has secured two new Software-as-a-Service (SaaS) clients. Novatti has also secured a second contract with the Tanzania Telecommunications Company Limited (TTCL) (announced on ASX on 22 April 2016). This is in addition to the Company's initial contract to develop TTCL's mobile money system and the contract awards further establish Novatti as a leading payments solutions provider. The Company expects further international contract wins for the Technology Division over the short to medium term.

The Flexepin Division is gaining strong traction in the market. There are currently some 4,000 retail outlets in Australia and 7,000 retail outlets in Canada that sell Flexepin vouchers.

Novatti has incorporated a new subsidiary, Flexe Payments Ltd, in the UK that is applying for an appropriate eMoney issuing licence to allow for voucher distribution services in the UK and Europe.

The Company has also made progress in advancing its TransferBridge remittance services business with the appointment of Paolo Montessori, a remittance technology industry pioneer as the head of the division. Mr Montessori is evaluating a range of new market and business development opportunities.

Corporate & Financial Overview

Novatti is currently funded to achieve its commercial milestones, that will result in full year revenue for FY16 significantly exceeding that of FY15.

Sales revenue and other income in the nine months to end March 2016 has increased to \$4.1 million compared to the \$3.1 million for the entire 2015 financial year.

As at quarter end 31 March 2016, cash at bank was \$5.6 million, excluding client funds. For the nine months to date in the current financial year, sales revenues have averaged \$351,000 per month.

This revenue per month level is expected to continue in the current June 2016 quarter. Average monthly expenditure for the June 2016 quarter is expected to be below \$525,000 as we continue to invest in growing the business. Based on these forecasts, the company expects cash at bank to be approximately \$5 million as at 30 June 2016.

Expenses in the March quarter included associated listing-related costs and total direct listing costs of approximately \$400,000. Expenses are in line with management's expectations as outlined in the prospectus.

The current revenue and cashflow profile of the Company is lumpy due to the nature and timing of contracts, as is typical for an enterprise software business. However, this is expected to change materially going forward with the change in the business mix as the result of increased SaaS and financial processing transaction revenues.

Outlook

The Company is expecting further contract wins for the Technology Division from around the world due to its market leadership and unique payments platform technology. Management is also very pleased with the expansion of the Flexepin business and the growth opportunities for its TransferBridge Division and we expect to make further announcements in relation to the growth of these businesses in the near term.

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