

ASX ANNOUNCEMENT

10 October 2016

Update on Transaction Processing

Highlights:

- Novatti's recurring revenue transactions businesses achieved significant milestones in recent weeks
- Company has started to receive revenue from WeChat Wallet distributor RoyalPay
- Flexepin business recorded strong increase in merchant numbers and transactions
- Cross border financial transactions in Africa on Novatti's TransferBridge platform commenced in September

Novatti Group Limited (ASX: NOV, "Novatti" or the "Company") is pleased to provide an update on its financial transaction processing businesses as the Company's efforts to build a recurring transaction based revenue stream are paying off.

All three business units, which were created to support this strategy, have gained significant market traction in recent times. Details of their progress are outlined below.

Trusted Party Services:

Novatti has already started to receive revenue from WeChat Wallet distributor, RoyalPay Australia, for the provision of compliance and settlement services.

While the agreement with RoyalPay was only signed a month ago, the Company has already seen a steady increase in fees paid to Novatti from the growth in transactions and the number of Australian merchants accepting WeChat Wallet as a payment method.

WeChat is China's largest social media messenger app with more than 700 million registered users.

Novatti is in active business development to work with other international digital wallet companies to provide similar services.

Flexepin:

The focus continues to be on acquisition of new on-line merchants for processing in Canada, Australia and Europe where distribution via retailers is available. The growth in merchant numbers and voucher sales is gaining good traction and meeting management expectations. Between 2 and 5 international merchants are being regularly signed per week.

While revenue from the Flexepin business is only just starting to build, it is now double

what it was 3 months ago.

Novatti is also providing similar cloud-based white label voucher services whereby Novatti receives transaction fees for sales of those white label vouchers.

TransferBridge:

Cross border transactions within Africa for the payment of bills and purchasing of mobile airtime commenced in September. The joint venture in Malaysia is fully operational, is continuing to expand its agent network and bill payment product portfolio is achieving good growth.

Commercial relationships continue to be developed for TransferBridge in line with management expectations such that Novatti can be confident of creating a sustainable remittance operation.

The Company foresees that it can help with market consolidation in the remittance space as compliance obligations and banking support continue to impact the industry.

The Company will provide further details on revenue and cash flow when it lodges its Appendix 4C at the end of this month.

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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, Electronic Top-Up, 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.