

Novatti Group 4E Appendix

Review of Operations

Novatti Group Limited (ASX: NOV) ("Novatti" or "Group" or "Company") is pleased to provide preliminary results for the Group for the year ended 30 June 2016. The full year results were as expected as the Company has invested in technology and resources to drive growth.

William Buck Audit (Vic) Pty Ltd is still in the process of completing the audit of the Group and subject to any adjustments required by the auditors, the preliminary result of the Group for the year ended 30 June 2016 is summarised as follows:

| | 30-Jun-16 | 30-Jun-15 | Movement |
|--------------------------------------|--------------------|------------------|--------------|
| | \$ | \$ | |
| Operational Revenue | 3,736,608 | 2,392,278 | 56% |
| Transactional Revenue | 137,227 | 5,743 | 2289% |
| Other Revenue | 997,374 | 722,072 | 38% |
| Total Revenue | 4,871,209 | 3,120,093 | 56% |
| EBITDA | (4,878,314) | (788,502) | -519% |
| Normalised EBITDA¹ | (3,914,331) | (788,502) | -396% |

| | 30-Jun-16 | 30-Jun-15 |
|-----------------------------------|---------------------------|-----------|
| Net Assets | \$4,263,762 | \$34,686 |
| Headcount | 43 | 33 |
| Cash on hand | \$4,329,344 ² | |
| Shares on Issue | 87,883,826 ³ | |
| Market Capitalisation (undiluted) | \$10,106,640 ⁴ | |

¹ Normalised EBITDA excludes share-based payments, JV write off and reverse takeover expenses.

² Novatti Group cash. Excludes cash held on trust

³ Subject to audit adjustments and on completion of the audit, the Group expects to issue 5,000,000 Performance Shares (in accordance with the Terms and Conditions of the Performance Shares), to the original shareholders of Novatti Pty Ltd at the time of the reverse acquisition by Novatti Group Ltd. Shares on issue after the issue of the Performance Shares will be 92,883,826.

⁴ Last trade 24 August at \$0.115.

FY16 Highlights:

- Third consecutive year of revenue growth
- Onboarding of new SaaS clients across Asia.
- Launch of the Flexepin product in Australia and Canada.
- Flexe Payments Limited, an incorporated subsidiary in the UK, becoming suitably licenced to commence Flexepin services in the UK and Europe.
- Successful piloting of the Novatti Platform in Malaysia, with Transaction Processing revenues commencing in FY17.
- Established a new software development centre in Vietnam to complement core Melbourne team.
- Solidified relationships with global partners and joint ventures to resell and deploy the Novatti Platform.
- Expansion of the global sales team with new business development managers in London, Bogota, Johannesburg and Montreal to complement existing members in Melbourne and Madrid.

FY16 has been a productive year for all aspects of the Group. Technology development was accelerated during by way of major investment in the local technical team and the commencement of development services in Vietnam. This has ensured that the Novatti Platform is a highly contemporary digital wallet and mobile money system that can process alternate types of financial transactions.

Flexepin, cash vouchers for online payments, was successfully launched in Australia and Canada, gained appropriate licencing in the UK and Europe prior to launching and is moving towards expansion into Africa, Latin America and Asia.

Sales funnels continue to be validated with a view to strong growth in FY17. Business development leading to new transaction based revenue streams has been ongoing and should lead to successful outcomes for the Company during FY17.

Strong Revenue Growth:

