

## ASX ANNOUNCEMENT

31 July 2017

### June 2017 Quarter Update

#### Highlights:

- Strong growth in Flexepin related to Bitcoin sales in Canada
- Strong growth in China Payments and compliance services in Australia
- Successful acquisition and integration of Basis2 billing business
- Continued cost management with focus on achieving profitability in FY2018

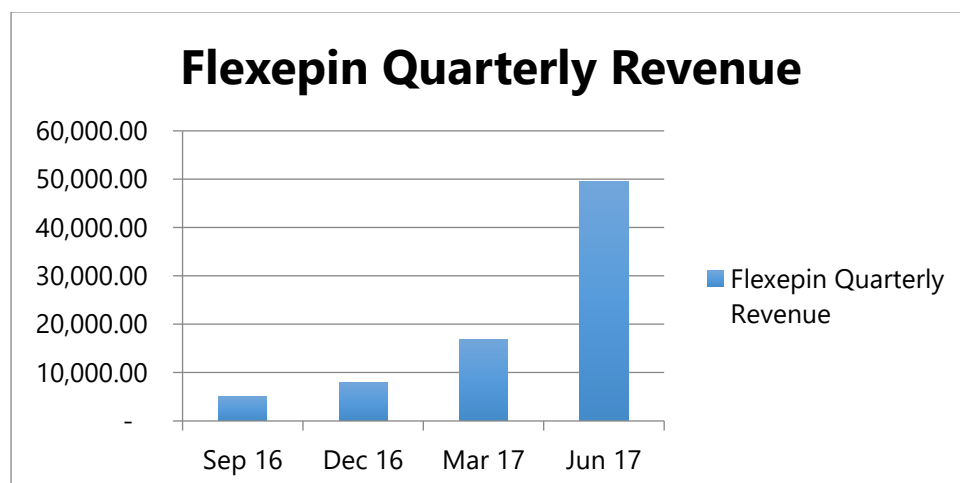
**Novatti Group Limited** (ASX: NOV, “Novatti” or the “Company”) is pleased to provide its quarterly update for the three months ended 30 June 2017.

#### Operating overview

During the quarter Novatti continued to make strong progress across key business divisions which has allowed the Company to further build its recurring revenue streams including Flexepin and China Payments. Novatti also announced and completed its first acquisition, being the Basis2 billing business. Focus on cost management has continued, with quarterly staff and administration costs now approximately \$400k per quarter less than a year earlier.

#### Flexepin

Flexepin achieved great traction in Canada after acquiring a number of Bitcoin merchants for whom Flexepin provides a payment method for their consumers. With increased interest and demand for Bitcoin, Flexepin sales grew at approximately 135% from the previous quarter.



## **China payments and processing services**

Novatti is providing compliance, settlement and merchant acquiring services for three commercial partners that are bringing Chinese payment methods such as Wechat Pay, AliPay and JDPay to Australia. Additional transaction processing services for payments compliance and settlement helped double revenues to approximately \$20,000 per month at the end of the quarter.

## **Corporate and financial overview**

Cash receipts in the quarter from operating activities were approximately \$2.7M. Expenditure on operating activities during the quarter was approximately \$3.14M.

For the Basis2 acquisition, funds raised during the quarter were \$2.328M with the settlement payment to the vendor being \$2.355M.

Costs continue to be reduced, with staff costs approximately \$400k per quarter less than a year earlier.

## **Outlook**

Novatti has made strong progress across all business divisions in the June quarter and expects the growth to be sustained over the medium to longer term. Along with the acquisition of the profitable Basis2 business, this places Novatti in a strong position to be profitable in the financial year to the end of June 2018.

“Novatti continues to build its recurring and transactional revenue streams that leverage Novatti's assets including its technology, licences and international partnerships and along with the new Basis2 billing revenues we are looking for our maiden profit.” said Novatti Chief Executive Officer Peter Cook.

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**About Novatti Group Limited**

Novatti is an award-winning global software technology and payment services provider. Both through technology and services, Novatti helps economies, corporations and consumers digitise cash transactions. Novatti's robust and efficient software solutions include Consumer Digital Wallets, Electronic Top-Ups, 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.