

29 June 2018

ASX Announcement

## Operating performance update

### Highlights

- Total FY18 revenue expected to be between \$6.1m to \$6.3m, up from \$3.5m (or 74-80%) in FY17
- Normalised Operating EBITDA<sup>1</sup> expected to be in the range of (\$0.5m) to (\$0.7m) for FY18
- Transaction revenues continue to increase at a strong rate, with growth in line with prior quarters
- Novatti expects revenue to continue to grow in FY19, further driven by additional revenue from recently signed deals with BBSF and Vasco Pay

**Novatti Group Limited (ASX:NOV)** ('Novatti' or 'the Company'), an online financial transactions processor and financial technology developer, provides an update on its operating performance ahead of the release of its financial results for the year ended 30 June 2018 (FY18).

The Company expects total revenue of between \$6.1m to \$6.3m in FY18, significantly up from \$3.5m (or 74-80%) in FY17, as strong demand for its transaction-based services continues to drive revenue. Novatti continues to rapidly shift its revenue mix towards recurring and transaction-based revenues.

Delays to two significant sales previously forecast for FY18 but now expected in FY19, and a reduction of \$177k to the Company's R&D tax incentive rebate for the FY17 financial year to \$923k have negatively impacted expected Normalised Operating EBITDA<sup>1</sup> for FY18.

Novatti now expects Normalised Operating EBITDA<sup>1</sup> to be a loss in the range of (\$0.5m) to (\$0.7m) for FY18. The Company was previously targeting positive Normalised Operating EBITDA for FY18.

All business units continue to perform well and Novatti's balance sheet remains strong with nil debt. The Company expects revenue will continue to grow in FY19, further bolstered by additional revenue streams from the Company's recently signed deals with Banque Berno Saudi Fransi and Vasco Pay.

-Ends-

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<sup>1</sup> Normalised Operating EBITDA is defined as EBITDA from ongoing operations, excluding options expense, acquisitions, fundraising and the costs associated with the applications for an Australian Banking Licence and a European EMI Licence.

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**About Novatti Group Limited**

Novatti is an award-winning global software technology, utility billing 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, 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 for Chinese consumers and Vasco Pay a prepaid reloadable Visa card.

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