

## ASX ANNOUNCEMENT

15 June 2017

**Novatti Processing Revenue Growth****Highlights:**

- Rise in use of WeChat Wallet payments in Australia drives growth in Novatti transaction processing revenue
- RoyalPay Australia, the first Australian distributor for WeChat Wallet, grows revenue to \$50m in June, with growth rate of circa 20% per month
- Net processing fees to Novatti are currently circa \$150k per annum and growing in line with RoyalPay's growth

**Novatti Group Limited** (ASX: NOV, "Novatti" or the "Company") announces pleasing growth in its transaction processing revenue business.

This growth has been driven by the rise in the use of WeChat Wallet in Australia. Novatti provides compliance and transaction processing services for RoyalPay Australia (RoyalPay), the first Australian distributor for WeChat Wallet.

RoyalPay Australia, which commenced operations in July 2016, has just surpassed \$50m of turnover in June 2017. Current annualised run rate is \$150m on a current growth rate of circa 20% per month.

Novatti receives a commission for each WeChat transaction generated through the RoyalPay system in Australia. Net processing fees are currently circa \$150k per annum and growing in line with RoyalPay's growth.

Royal Pay is an authorised representative of Novatti subsidiary Flexewallet Pty Ltd and operates under Flexewallet's Australian Financial Services License (AFSL), whereby Novatti provides compliance and settlement services. Novatti is building a portfolio of transaction processing services in addition to the RoyalPay agreement.

**RoyalPay provides a retail transaction solution for Chinese tourists in Australia.**

In many instances, Chinese tourists cannot easily make non-cash purchases in Australia, and WeChat allows them to do this in a quick and easy manner. RoyalPay delivers innovative and tailored WeChat payment solutions including POS systems integration. Merchants include route trade retailers, restaurants, hotels, tourist venues, education institutions, exporters and many logistics companies.

Chinese tourists continue to flock to Australia in record numbers, with more than 308,000 visitors from China in the first two months of 2017, a rise of 6.9% on the previous year<sup>1</sup>. Chinese tourists continue to be the largest spending category of

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<sup>1</sup>[http://www.tourism.australia.com/documents/Statistics/ABSarrivals\\_February\\_2017\\_original\(1\).pdf](http://www.tourism.australia.com/documents/Statistics/ABSarrivals_February_2017_original(1).pdf)

visitors to Australia and are expected to reach \$9 billion in annual expenditure by 2020<sup>2</sup>.

“The Chinese tourism and commerce boom in Australia shows no signs of slowing. RoyalPay has created excellent technology and customer acquisition to leverage WeChat payments into this growth. This provides Novatti with a recurring revenue stream that is leveraged to this rapid growth in Chinese visitors and retail spending.” said Peter Cook, Chief Executive Officer of Novatti.

### **General growth in transaction process**

Growth in the transaction business operations of Novatti is evident in these China Payments results and is also being seen in the company's Flexepin business, Flexewallet (AFSL) operations and in Transferbridge. This growth in the transactions business is underpinned by the base line recurring revenue from Novatti platforms along with the newly acquired basis2 business unit, and it sees the Company well placed for its' goal of profitability in FY 2018.

For further information, contact:

**Peter Cook**

CEO

+61 411 111 153

[www.novatti.com](http://www.novatti.com)

Media Enquiries:

**Melissa Mack**

[melissa.mack@mcpartners.com.au](mailto:melissa.mack@mcpartners.com.au)

+61 430 119 951

### **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, 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 and TransferBridge, a global remittance network.

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<sup>2</sup> [http://tra.gov.au/reports/soi2016/state\\_of\\_the\\_industry\\_2016.pdf](http://tra.gov.au/reports/soi2016/state_of_the_industry_2016.pdf)