

ASX Announcement

20 August 2018

Virtual account and Payment Processing for Chinese Merchants

Highlights

- Agreement to launch new payment service for Chinese exporters to Australia
- Further exposure to growth in China Australia trade and financial processing
- Continues Novatti's strong growth (annualised revenue of over \$3m as at June 2018) from B2B processing partnerships

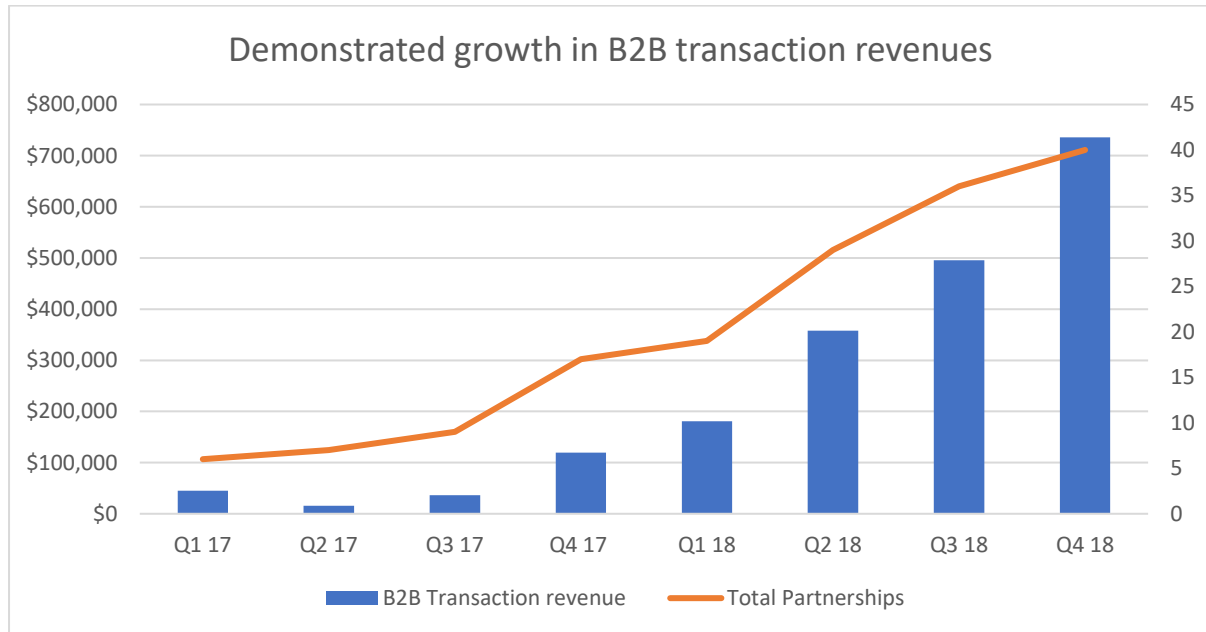
Novatti Group Limited ASX:NOV ('Novatti' or 'the Company') is pleased to announce that its licenced subsidiary Flexewallet Pty Ltd* has commenced an agreement with Chinese financial services processor Payzero to provide specialist cross border payment processing services for Chinese merchants.

Payzero's service enables other Chinese payment companies to efficiently manage their global payment collection business for exporting B2B and B2B2C merchants. Currently, Flexewallet's Australian virtual accounts are exclusively offered on the platform and we are looking to add EU, UK and the US virtual account service in 6-12 months.

There is already a significant interest from domestic Chinese payment companies via Payzero to partner with Novatti and offer this service to their existing merchants. As such, the agreement gives Novatti access to many Chinese payment processors who have export merchants for clients. Novatti expects the first transactions to occur in September with continuing long-term growth as trade between China and Australia expands. Novatti will receive fees on a per-transaction basis for each payment processed via the platform, with its overall return dependent on the take up of the service.

This innovative service allows Chinese exporters more flexibility in terms of speed of payments and managing foreign exchange risks. Virtual accounts will allow exporters to function as if they were in the country of their customers and make significant Forex savings. This saves their Australian customer because they are making an Australian domestic funds transfer to the merchant's Australian virtual account. Further, Chinese exporters are able to receive immediate notification of payment, allowing them to ship goods sooner to their customer.

Novatti expects the revenues from this service to continue driving further strong growth in the Transaction Processing division, with the historic growth driven by these types of partnerships as shown below.



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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.
www.novattigroup.com

** Flexewallet Pty Ltd, Holder of AFSL No 448066 and an Austrac authorised Remittance Network Provider*

About Payzero

Payzero and Transtan are trading names of Shanghai Huilin Information Technology Co., Ltd. Payzero's service enables other Chinese payment companies to efficiently manage their global payment collection business for exporting B2B and B2B2C merchants. Payzero aims to help more international payment companies to understand and enter into China market and vice versa. Clients include Western Union China, Allinpay, Easy Pay and TNDN Korea.
www.payzero.cn
www.transtan.com