ASX Announcement

31 May 2019

Blockchain Technology Update

Highlights

- **IBM World Wire integrated to Novatti remittance platform**
- **SendFX launched**
- **Stellar Stablecoin tested and soft launched, World Wire Stablecoin on Stellar in planning**
- **Novatti R&D focus on integration of blockchain and traditional financial processing**

Novatti Group (ASX: NOV or 'the Company'), an online financial transactions processor and financial technology developer, is pleased to further update the market on its progress in bringing blockchain based technologies and its global partnerships to commercial fruition for its cross border processing and long term digital banking services planning.

Novatti's investment in blockchain technology has enabled:

- Access to Stellar Transaction Network
- Partnership within the IBM World Wire integrated platform
- Development of SendFX transactional technology
- Development of an Australian dollar, asset backed blockchain transaction technology

Novatti's investment within the Blockchain technology universe has been driven by core business fundamentals of improving international asset transfer efficiency. Novatti have focussed the use of blockchain technology in the transfer of money internationally. The technology enables fast, efficient, price competitive transactions that meet international anti money laundering standards.

The recent launch of SendFX, an international remittance company using blockchain technology, combined with Novatti's financial transaction knowledge, compliance and capability supports the investment in this sector.

Novatti is continuing the beta testing of its Australian Dollar backed stablecoin to enable additional financial transaction efficiency improvements. Stablecoins are a digital asset directly pegged to a known currency. This stability enables it to be used as an efficient tool to transfer currency locally and internationally.

Novatti Group Ltd
ABN 98 606 556 183

Level 12, 456 Lonsdale St
Melbourne, Victoria
AUSTRALIA 3000

G.P.O. Box 171
380 Bourke St
Melbourne, Victoria
AUSTRALIA 3001

t. +61 3 9011 8490
f. +61 3 8648 0618
www.novattigroup.com

Novatti previously announced in 2018 that it had integrated to the Stellar global blockchain network for remittances. Following this, on 18 March 2019 IBM announced their World Wire[1] global payments network.[2] Novatti are one of the launch partners on the IBM World Wire network. IBM World Wire uses the Stellar network as its underlying global blockchain network. IBM World Wire has provided a further layer including integration tools and interfaces on top of the Stellar network to create its network.

Novatti has integrated the SendFx platform to World Wire and will use the network as one of the alternatives for routing transactions. SendFX has recently launched for commercial transactions[3]. Novatti is a 25% shareholder in SendFX, having provided technology and capital to SendFX earlier in 2019.

Novatti has soft launched its initial Stellar stablecoin and is also further testing and trialling this to improve security measures. Novatti is also planning a related stablecoin asset to be available on World Wire primarily for the settlement of new inbound remittances to Australia.

Novatti will receive a transaction fee for these services, the amount of which will depend on take-up of the service.

R&D

Novatti has recently lodged its FY2018 R&D application and expects a cash refund from the ATO of circa $460k in June. This R&D application is largely related to furthering Novatti's investigations into integrating and managing blockchain transactions with a more traditional database wallet infrastructure. Novatti has continued R&D in this area at a similar level.

Outlook

Novatti expects continued engagement with APRA during the current quarter and as APRA reviews Novatti's bank licence application. In parallel, Novatti's banking services team is continuing to prepare for launch assuming a successful application.

Novatti aims to continue its strong revenue growth and in parallel bring through a strong value creation event being the bank licence. In addition, Novatti will continue to assess synergistic acquisitions.

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[1] https://www.ibm.com/blockchain/solutions/world-wire

[2] https://newsroom.ibm.com/2019-03-18-IBM-Blockchain-World-Wire-a-New-Global-Payment-Network-to-Support-Payments-and-Foreign-Exchange-in-More-Than-50-Countries

[3] https://sendfx.com.au/

For further information, contact:

Peter Cook
Managing Director
Novatti Group Limited
peter.cook@novatti.com
+61 411 111 153

About Novatti Group Limited (ASX:NOV)

Novatti is an award-winning global software technology, utility billing and payment services provider. 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 and Vasco Pay a prepaid reloadable Visa card. Novatti subsidiary Flexewallet Pty Ltd holds an Australian Financial Services Licence No 448066 and is registered with AUSTRAC as a Remittance Network Provider. Novatti applied to APRA for a Restricted Authorised Deposit Institution (RADI) licence in November 2018.

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