

ASX ANNOUNCEMENT

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Novatti starts commercial operations in Malaysia with a view to expand to other ASEAN markets

Highlights:

- Novatti commences commercial operations in Malaysia through a joint venture that uses the Novatti Payments Platform.
- The service provides Malaysian retailers and consumers access to payment of mobile phone and utility bills.
- Full deployment is expected by the end of 2016.
- Commencement of transaction processing revenues in Malaysia

Novatti Group Limited (ASX: NOV, “Novatti” or the “Company”) has commenced commercial operations in Malaysia through its joint venture (JV), Novatti (Malaysia) Sdn Bhd, following a successful six-month pilot.

The 50-50 JV was formed with ATX Malaysia Sdn Bhd (ATX), a systems integrator and payment services company that provides integrated transactional platforms for telecommunications and financial services clients.

Novatti is providing its payments platform to enable users to recharge their mobile phones and pay utility bills, while ATX is contributing commercial relationships with Malaysian telecommunications operators and bill payment companies.

The Novatti Payments Platform is currently connected to approximately 3,000 independent retail agents in Malaysia with this planned to expand to approximately 20,000 by the end of 2016. Novatti is paid on a percentage of the value of the transaction processed by the JV. The revenues will be dependent on the take-up of the service by retailers and consumers.

This is the first such commercial deployment for Novatti whereby it is paid for the Novatti Payments System solely on transaction processing fees. Novatti is seeking to grow its recurring revenue and transaction processing revenue streams by way of such commercial arrangements.

There is strong growth potential for digital payments in Malaysia. Research firm Statista, estimates that the digital payments segment in that country is worth \$US6.3 billion in 2016 and forecasts total transaction value to grow at over 22% compound annual growth rate (CAGR) till 2020.

“For many Malaysian consumers, with an increasing need to pay utilities and services by electronic means, Novatti will provide a primary payment method. The successful expansion into Malaysia demonstrates the scalability and global appeal of the Novatti Payments Platform,” said Peter Cook, CEO of Novatti. “What is just as significant for our Company is that the JV forms a launch pad for us to expand into other markets that are also ripe for the digital disruption in payments.”

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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, Electronic Top-Up, 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.

About ATX Malaysia SDN BHD

ATX is a Malaysian based company that specialise in developing integrated transactional platforms for clients in the IT, Telecommunication and Services industry. ATX clients range from Telecommunication Companies, Pay TV Providers, Remittance Service Providers, Money Service Business Operators and other Retail Network Operators.