

ASX ANNOUNCEMENT

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Novatti enables Alipay payments at major Australian retailers through agreement with epay Australia

Highlights:

- Compliance and processing agreement between Novatti and epay Australia will allow Chinese visitors to make purchases using Alipay at many Australian retail outlets
- epay has more than 23,000 point-of-sale (POS) terminals across Australia including Woolworths, BP, 7-Eleven, Myer, David Jones and JB Hi-Fi and thousands of smaller retailers
- Alipay is a Chinese third-party online payment platform launched by Alibaba Group in 2004 and has more than 400 million users worldwide
- Chinese visitor numbers to Australia continue to grow with more than 300,000 visiting in the first two months of 2017
- Deal provides a new and recurring revenue stream for Novatti

Novatti Group Limited (ASX: NOV, “Novatti” or the “Company”) is pleased to announce that it has signed an agreement with **epay Australia Pty Ltd** to support compliance and processing services for epay's roll out of Alipay to their large Australian retail base.

epay delivers innovative and tailored electronic payment and cash collection solutions including POS systems integration. They have a large Australian retail customer base of over 23,000 point of sale terminals that includes Woolworths, 7-Eleven, Myer, David Jones and JB Hi-Fi, and with their flexible technology platform will be able to offer a range of simple connectivity options for retailers wanting to capture the influx of Chinese tourists visiting our shores each year.

Under the agreement, for the Alipay services, epay Australia has become an authorised representative of Novatti subsidiary Flexewallet Pty Ltd and will operate under Flexewallet's Australian Financial Services License (AFSL).

epay Australia is in the process of rolling out Alipay payments services to its large retail customer base to enable Chinese consumers to purchase goods using their Alipay app on smartphones at these stores.

Alipay is the Chinese third-party online payments platform which is operated by Chinese e-commerce giant Alibaba's (NYSE: BABA) financial services arm, Ant Financial. In many instances, Chinese tourists cannot easily make non-cash purchases in Australia, and Alipay allows them to do this in a quick and easy manner.

The agreement provides a new recurring revenue stream for Novatti. The Company will receive a commission for each Alipay transaction generated through the epay system in Australia. The revenues will be dependent on the take-up of the service.

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 year¹. Chinese tourists continue to be the largest spending category of visitors to Australia and are expected to reach \$9 billion in annual expenditure by 2020².

“The Chinese tourism and commerce boom in Australia shows no signs of slowing and this agreement provides Novatti with a new and recurring revenue stream that is leveraged to this rapid growth in Chinese visitors and retail spending. We have invested strongly into the China Payments space and it is showing great results.” said Peter Cook, Chief Executive Officer of Novatti.

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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, 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.

¹[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)

² http://tra.gov.au/reports/soi2016/state_of_the_industry_2016.pdf

About epay Australia Pty Ltd

epay Australia Pty Ltd, is Australia's largest prepaid content provider and distribution network – enabling service providers to maximize the sales of their prepaid content and services. epay delivers innovative and tailored electronic payment, cash collection solutions including POS systems integration, settlement, reporting service and full marketing and distribution service support. The epay Australia content portfolio includes prepaid mobile top-up, prepaid debit cards, Software, gift cards, digital music and Alternate Payment Services. In operation since 2001 and available in over 23,000 retailers Australia wide, epay Australia connects people with their favourite brands through our national retailer network.