

ASX Announcement

29 September 2020

Digital-Payments Accelerator launched to meet increasing market demand

Highlights

- Novatti launches Digital Payments Accelerator as an extension of its Visa Issuing program
- Provides startups right through to established businesses with a fast-track to bring innovative fintech and financial products to market via an affordable, API driven, Visa card payments program
- Delivered as a service, enabling businesses to quickly meet market demand for cashless payment methods by accessing Novatti's flexible platforms, licencing and the universal Visa network
- Pre-launch demand already validating the need for this service

Novatti Group Limited (ASX:NOV) (Novatti or Company), a leading digital banking services and payments company, is pleased to announce the launch of its Digital Payments Accelerator.

The Digital Payments Accelerator extends Novatti's Visa Issuing white label programs to meet the needs of:

- Startups and innovators to bring their innovative fintech and financial products to market quicker, and to test their products in a controlled way before launch, driving increased innovation in the payments sector
- Established businesses to access an affordable, off-the-shelf, Visa payments solution to meet market demand for these facilities

The demand from consumers for cashless payment facilities is growing rapidly. In 2019, card payments already represented 63% of consumer payments compared to cash at 27%¹. Post-COVID-19, this shift to cashless payments is only expected to accelerate.

Novatti will deliver this solution as a service, providing access to Visa's world-class payments infrastructure and capabilities without the significant upfront investment ordinarily required.

Novatti's Digital Payments Accelerator involves a simple three-stage process, including a proof of concept, build and test, then launch. Available capabilities and features include:

¹ RBA Consumer Payment Behaviour in Australia, March 2020 -

<https://www.rba.gov.au/publications/bulletin/2020/mar/consumer-payment-behaviour-in-australia.html>

- Visa virtual and physical payment cards
- Universal, omni-channel merchant access, with full in-store and online payment functionality
- Web portals
- Sandbox testing environments
- APIs
- Program, tech and card management support, including fraud management, and ledger management for account balances

The Digital Payments Accelerator leverages Novatti's existing technology and extensive regulatory licences and agreements, which include a Visa Principal Issuing Licence and an Australian Financial Services Licence held by its subsidiary, Flexewallet.

Novatti's \$10.2 million capital raising earlier this year played an important role in delivering this new initiative, another practical example of how Novatti will use these funds to accelerate its growth strategy.

Pre-launch demand has already validated the need for this initiative, including for innovative products such as 'Just in Time' or 'Point of Sale' financing, distribution of social benefits, and digital wallets. Current projects include a network to provide consumer digital wallets along with solutions enabling immediate payment to couriers and to provide controlled welfare payments to people in urgent need of assistance.

Novatti will receive program development fees and ongoing processing fees based on transaction volumes. Card accounts will be pre-funded by customers, alleviating Novatti from this funding obligation and credit risk.

Managing Director of Novatti, Peter Cook, said: "We've seen the rise of the 'bank in a box' and 'banking as a service', which is revolutionising that sector by providing open access to infrastructure previously reserved for the big end of town.

"Novatti's Digital Payments Accelerator equally revolutionises the payments sector by providing everyone, from startups to small businesses, and large enterprises to government, with access to Visa's world-class payments platform and card issuing facilities at an affordable cost. This will help business meet the rapid increase in consumer demand for cashless payments, which we strongly believe will accelerate post-COVID-19."

Novatti

Digital Banking

The Digital Payments Accelerator follows some of Novatti's other recent growth-focused achievements, including:

- Business process automation subsidiary, Emersion, being cleared to launch on leading global business applications marketplace, Salesforce AppExchange²
- Five consecutive quarters of record payment processing revenue³
- Recording average annual revenue growth of approximately 50% in each of the past three years⁴

Further details about this new initiative can be seen at: www.novatti.com/accelerator

Novatti invites investors to keep up to date with company news, events and industry research by joining the Novatti mailing list at: <https://www.novattigroup.com/subscribe>

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This announcement has been approved for release to the ASX by Peter Cook, Managing Director.

About Novatti Group Limited (ASX:NOV)

Novatti is a leading digital banking and payments company. Through innovative technology, Novatti positions its customers to thrive in the growing cashless economy. Novatti's 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 for the issue of reloadable Visa cards. Novatti subsidiary Flexewallet Pty Ltd holds an Australian Financial Services Licence No 448066 and is registered with AUSTRAC as a Remittance Network Provider. Novatti subsidiary Novatti IBA Pty Ltd has applied to APRA for a RADI licence. Novatti's software solutions include Consumer Digital Wallets, Branchless Banking, Mobile Money, Bill Payments, Remittance Services and Voucher Management Systems.

² Novatti ASX Announcement – *Salesforce clears Emersion for launch on global marketplace* – 4 September 2020

³ Novatti ASX Announcement – *FY20 Results Presentation* – 27 August 2020

⁴ Novatti ASX Announcement – *FY20 Results Presentation* – 27 August 2020