

NetCents Technology's CEO Issues Letter to Shareholders

Vancouver, British Columbia--(Newsfile Corp. - January 27, 2021) - **NetCents Technology Inc.** (CSE: NC) (FSE: 26N) (OTCQB: NTTCF) ("**NetCents**" or the "**Company**"), a cryptocurrency payments company, is pleased to issue a letter to shareholders from CEO, Clayton Moore.

Dear Fellow Shareholders,

As I write you this letter - a letter from lockdown - 2020 was an exceptional year in exceptional times. It was an incredibly difficult year with extraordinary upheaval globally, new restrictions that none of us have ever had to live with before, and great uncertainty. We're enormously grateful that in these uniquely challenging times, we've been able to not only survive, but enter 2021 thriving and have the Company in a stronger position for growth than at any point in our history.

OUR OPPORTUNITY

Fundamentally, digital is transforming society and the past year has hastened this transformation. As a Company, we have been building the knowhow and talent to capitalize on this transformation. We're proud of the work our team is doing to help our merchants, users, and partners to realize growth and increase their revenue. Our developments over the past year have brought us ever closer to realizing our mission of bringing cryptocurrency mainstream and becoming the underlying technology that powers cryptocurrency transactions.

As we moved into 2021, we witnessed the cryptocurrency market thrive in a way that we haven't seen in years. In fact, the cryptocurrency market cap hit \$1 trillion for the first time earlier this month¹. The world has watched as coins like Bitcoin and Ethereum hit their new all-time highs in the same month. The world has watched as coins like Bitcoin and Ethereum hit their new all-time highs in the same month. Due to this rapid growth, it's forecasted that the cryptocurrency market cap will hit \$3 trillion by just 2025².

Cryptocurrency continues to go mainstream, as more users open eWallets for the first time. Today, there are over 50 million cryptocurrency wallets globally³ and this is projected to grow to 100 in the next five years if current growth remains constant, which is, in our opinion, a conservative estimate.

The number of daily transactions has also experienced unprecedented growth. Just one year ago, this number was hovering at around 1 million transactions per day. We now see nearly 2 million transactions per day, and this only includes the top 7 major cryptocurrencies⁴. If this trend continues, there will easily be 3.5 million transactions per day by 2022.

The amount of growth the cryptocurrency industry has experienced in just a few months is unprecedented. As more users become familiar with cryptocurrency, it's only a matter of time before it becomes a prominent method of payment.

OUR GROWTH

2020 was a year of growth for all aspects of the Company. We have greatly increased our processing volume, partners, merchants, and users. The growth that we achieved in 2020 has set the stage for us in 2021 as we continue to build and expand in the key areas that brought us success in 2020.

We continue to deepen our reach into traditional payments. In 2020, we entered into partnerships with several of the world's largest payment companies and have integrated into over 7% of the payment industry providing us direct access to over 15-million merchants. Through this entrenchment into traditional payments we are poised to seamlessly capture the transition to innovative payment methods

as merchants seek to grow their consumer and revenue base.

The Company experienced a rapid geographic diversification of its merchant base in 2020 when compared to 2019. In 2019, 27% of the Company's merchants were located outside of the United States compared to 63% in 2020.

In order to service our growing international merchant base, NetCents established European operations in 2020. We set up a German subsidiary and European banking in order to provide the same level of service to our European merchants as we do our North American. We were in the process of setting up a permanent Munich office and building out a dedicated team based in Munich, unfortunately, with the global lockdown, those plans were put on hold until COVID restrictions are lifted. The moment this happens, we will resume this project.

Along with the international expansion, as a result of COVID-19 and shifting merchant and consumer demand, the Company has greatly diversified its target merchant industries. Before March 2020, the Company's merchant base was heavily concentrated in Travel, Tourism, and Retail. Over the past year, the Company has successfully focused its business development efforts on growing its market share in the B2B, Services, and high-ticket value industries increasing our average overall average transaction size for all merchants to \$1,854 and our average B2B transaction size to over \$85,000 in January 2021.

Fueling this growth was our investment in sales and marketing initiatives. In mid-November, the Company launched its omni channel marketing strategy. We changed the focus from a purely tactical marketing team to a 'customer engagement team,' encompassing digital advertising, CRM, content marketing, social media marketing, support, and PR functions. Information Technology (IT) is also part of the team. This allows the technical team to understand better and support marketing efforts and eliminates technical barriers.

We continue to work with our Partners to develop and launch programs that encourage downstream merchants to begin accepting cryptocurrency as a method of payment. To meet increasing and varied demand from its partners on these promotional programs, NetCents has now automated most features of the promotion system so it can manage numerous campaigns simultaneously. Most importantly, Partners now have a toolkit to create customized promotion campaigns that fit their merchant base's needs and requirements.

Through our Merchant Acquisition Program (MAP) the Company launched in 2019, it has successfully targeted enterprise merchants that targeted B2B, Luxury Retail, and high-ticket item merchant verticals that generated significant transactional growth for the Company.

OUR PLATFORM

In order to remain best in class and to service our continued growth, we invested heavily in 2020 on continual improvements and enhancements to our suite of products.

We greatly improved our merchant payout process and introduced daily settlements for enterprise and US-based merchants and Automated Clearing House (ACH) integration for all US-based merchants, streamlining the process and eliminating all of the costs associated with US merchant payouts and costs to merchants to receive their payouts.

We entered into an institutional credit facility totalling 1.4 billion dollars to power merchant settlements, allowing us to front-load merchant settlements and removing all limitations when providing merchant payouts. This facility allows us to use our merchant order flow as a supply for a short-term cryptocurrency portfolio, allowing NetCents to profit from arbitrage opportunities.

We brought significant improvements to our invoicing system to better service our growing base of B2B merchants, bringing subscription-type billing to cryptocurrency payments. The enhancements include API integration, integration with accounting and CRM systems, setting invoicing frequency and due dates,

customer and client management, full invoice tracking, invoice payable insights, accounts receivable reporting, and adding transaction fee to invoices.

We integrated the lightning network into our payment infrastructure. The Lightning Network is a "Layer 2" payment protocol that operates on top of blockchain-based cryptocurrencies, enabling near instant transactions with extremely low or non-existent blockchain fees for users regardless of network congestion. Lightning Network will enable the Company to complete payments off the blockchain and allow the Company to process over 1 million transactions per second. The decrease in blockchain transaction fees and the increase transactions scalability will allow the Company to target a wider selection of merchants and fully removes the limitations of cryptocurrency as a method of payment for microtransactions and quick service locations like stadiums and coffee shops, meeting the growing demand for cryptocurrency payments grew to 2 million transactions daily in 2020.

OUR TEAM

We realized that in order to achieve our goals and to capitalize on the opportunities in front of us, we needed to be surrounded and advised by industry leaders, globally. In 2020, we added five key members to our Board of Advisors.

- **Dr. Claude Schmidt** joined us at the head of our Advisory Board. Dr. Schmidt is currently a member of the investment committee of Delfin Investment AG, in Zug Switzerland. Previously, Dr. Schmidt was a member of the Private Wealth Management team within Goldman Sachs Bank AG.
- **Mr. Daniel-Carl Eigenmann** is a founder and the President of the Board of Directors for Iko Capital AG, a leading Wealth Management firm based in Zug, Switzerland. In his role at Iko Capital AG, Mr. Eigenmann is responsible for compliance with FINMA, the Swiss Financial Market Supervisory Authority, as well as regular review of their portfolio for money laundering and compliance within the investment guidelines of managed accounts for ultra-high net worth individuals (UHNWI).
- **Mr. Wang Qin** has 30-years of venture capital and private equity investment, executive management, and consulting experience in the broader information and technology industry as well as resource, energy, and cleantech industries, in China, Canada, and Japan.
- **Mr. Nicolas Genko** has been heavily involved in the blockchain and cryptocurrency space since 2013. During this time, he has served as the CTO and technology advisor for multiple firms developing smart contracts, multi-currency debit cards, government regulation, exchange platforms, cryptocurrency investment funds, and PCI certification and compliance.
- **Mr. Jannis Flachsmann** is a Senior Attorney at GHM Partners AG focusing on Legal, Tax, and Fiduciary Matters. Previously he was an attorney at the firms of Weidmann Rudolf & Partner and Lichtsteiner Rechtsanwälte.

In addition to our Advisory Board, we have built an in-house roster of leading industry veterans.

- **Mr. Nilang Vyas, Chief Technology Officer (CTO)**

Mr. Vyas drives a hybrid approach to innovation, deploying technologies that enhance the capabilities of the Company's current product offering and technologies that will improve business efficiencies. Before joining NetCents, Mr. Vyas was the Chief Technology Officer of Decentral, an innovation hub for disruptive and decentralized technologies, notably spawning Ethereum and Jaxx Liberty. As CTO, Nilang created a multi-asset and multi-platform application Jaxx Liberty, a blockchain wallet, exchange, portfolio, market, and news app, as well as creating and maintaining the scalable infrastructure to support millions of users for Jaxx Classic.

- **Mr. Patrick Albright, Senior Vice President, Strategic Development**

Mr. Albright's responsibilities at NetCents will focus on extending the success of the current growth initiatives. Mr. Albright previously served as Marketing and Business Senior Vice President at Moneris Solutions - the largest payment processor in Canada - processing 3 billion transactions annually. Mr.

Albright also served as Managing Director and Executive Vice President at Nelnet Transaction Solutions a NYSE listed, US based, payment services company.

- **Mr. Marcus Laun, Vice President Corporate Finance**

Mr. Laun's duties include developing and managing a global network of financial services partners and working closely with the Board of Advisors in managing the global nature of NetCents' opportunities. His experience includes advising and investing in an organic food brand company that sold for \$250mm. Mr. Laun has also advised and raised capital for companies in the Solar, Wind, Oil and Gas, and Alternative Fuel industries. Prior to his corporate and entrepreneurial endeavours, Mr. Laun worked as an Investment Banker rising to the position of Managing Director for Knight Capital Group, where he managed syndicates for over \$500 million in financing.

OUR FUTURE: ONGOING CORPORATE INITIATIVES

In addition to the product enhancements we completed in 2020, we continue to work on integrating new functionality into the system. We are currently working on the following enhancements and new additions to our product suite.

- **M&A**

We are working with our internal team and outside consultants to evaluate potential acquisitions that would add to our technology portfolio, increase revenues, or complement our current business lines. In the current environment it is difficult to accelerate these opportunities, but we expect that our efforts will become more fruitful in 2021.

- **Interest Bearing Accounts**

NetCents management believes that interest-bearing accounts is a natural extension of the products that should be available to individuals participating in the crypto economy. NetCents believes that it is uniquely positioned within the Cryptocurrency industry to begin offering a wider selection of financial products to its user base. NetCents has been a leader in providing Cryptocurrency technologies for payments and intends to maintain its leadership by being at the forefront of the industry as market participants move to replicate the products of the legacy financial services industry. NetCents' hallmark is embracing new ideas and combining best-in-breed technologies with a user interface that is easily understood.

- **Non-Fungible Tokens**

We are developing a smart contract-based non-fungible token¹ (NFT) platform for use by its merchants, and ultimately its user base to allow authenticity and provenance tracking of products using Ethereum smart contract technology. This product opens up a whole new use case for the development of the blockchain universe. With this innovation, NetCents is focusing on the sports authentication/memorabilia market.

- **Adding Credit Card to the NC Exchange**

There are a limited number of platforms that are approved by the card companies for purchasing Crypto, that NetCents is now approved and working on integration, is a testament to the safety that is inherent in the NetCents platform.

- **NetCents Card Program**

In our most anticipated project to date, we are in the home stretch of completing the project. The project includes the integration of Google and Apple Pay that will allow users to add the card to their Google and Apple pay wallets which will allow them to use the card virtually. This will be one of the largest

achievements in NetCents' history.

I would like to thank our employees for their commitment to NetCents. It is their hard work, dedication, alignment behind our strategy, and dedication that enable us to continue on our trajectory. I would also like to thank you, our shareholders, for your continuing support and confidence. Rest assured our passion and commitment will continue to generate the growth that you rightfully expect from us. We continue to work on delivering on our commitments to our merchants, our users, our partners, our people, and our shareholders.

While many of our shareholders are on our communications list, some may not be. For those of you who are not, I encourage you to [subscribe](#) and in the interim if you haven't been following the news as we release it, this will link you to stories which speak to our success: <https://news.net-cents.com/>.

Thank You,

Clayton Moore

Founder and CEO

About NetCents

NetCents Technology Inc, the transactional hub for all cryptocurrency payments, equips forward-thinking businesses with the technology to seamlessly integrate cryptocurrency processing into their payment model without taking on the risk or volatility of the crypto market. NetCents Technology is registered as a Money Services Business (MSB) with FINTRAC.

For more information, please visit the corporate website at www.net-cents.com or contact Investor Relations: investor@net-cents.com.

On Behalf of the Board of Directors

NetCents Technology Inc.

"Clayton Moore"

Clayton Moore, CEO, Founder and Director

NetCents Technology Inc.

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Cautionary Note Regarding Forward-Looking Information

This release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include regulatory actions, market prices, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance

and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates, and opinions of the Company's management on the date the statements are made. Except as required by applicable securities laws, the Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

¹ CoinMarketCap - <https://coinmarketcap.com/charts/>

² https://research.ark-invest.com/hubfs/1_Download_Files_ARK-Invest/White_Papers/ARKinvest_091729_Whitepaper_Bitcoin_II_An%20Investment.pdf

³ <https://blog.apptopia.com/crypto-apps-see-highest-growth-on-record-in-july>

⁴ Statista - <https://www.statista.com/statistics/730838/number-of-daily-cryptocurrency-transactions-by-type>

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