

NOVATTI GROUP LIMITED
ACN 606 556 183

PROSPECTUS

For a pro-rata non-renounceable entitlement issue of one (1) Share for every three (3) Shares held by those Eligible Shareholders registered at the Record Date at an issue price of \$0.04 per Share together with one (1) free Attaching Option for every one (1) Share applied for and issued to raise up to \$5,418,173 (based on the number of Shares on issue as at the date of this Prospectus) (**Entitlement Offer**).

The Entitlement Offer is partially underwritten by GBA Capital Pty Ltd (**GBA Capital** or **Underwriter**) up to \$3,007,500. Refer to Section 6.3.1 for details regarding the terms of the underwriting.

This Prospectus also contains:

- (a) the Broker Options Offer, which is detailed in Section 2.3;
- (b) the Placement Options Offer, which is detailed in Section 2.4; and
- (c) the Noteholder Incentive Options Offer, which is detailed in Section 2.5.

The issue of the Broker Options, Placement Options and Noteholder Incentive Options is subject to Shareholder approval, which will be sought at the Company's 2024 AGM.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered as highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 24 October 2024 and was lodged with the ASIC and ASX on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be made by an original Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product

advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other **important** factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements **contained** in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Overseas shareholders

The Offers do not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offers are not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

For further information on overseas Shareholders please refer to Section 2.9.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or

matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 6.2 for further details.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offers of the Options issued under this Prospectus. The Company and the Joint Lead Managers will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website (www.novatti.com).

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.novatti.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be a resident of Australia or New Zealand and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus, or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting Automic Registry Services, the Company's share registry, from 8.30am to 7.00pm AEDT Monday to Friday on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (International).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 8.

All references to time in this Prospectus are references to Australian Eastern Daylight Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offers please call Automic Registry Services, the Company's share registry, from 8.30am to 7.00pm AEDT Monday to Friday on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (International).

CORPORATE DIRECTORY

Directors	Peter Pawlowitsch (Non-Executive Chairman) Peter Cook (Executive Director) Kenneth Lai (Non-Executive Director) Killian Murphy (Non-Executive Director)
Chief Executive Officer	Mark Healy
Joint company secretaries	Ian Hobson Steven Stamboultgis
Registered office and principal place of business	Level 3 461 Bourke Street Melbourne Vic. 3000 +61 3 9011 8490
Underwriter and Joint Lead Manager	GBA Capital Pty Ltd Level 2, 68 Pitt Street Sydney NSW 2000
Joint Lead Manager	Ord Minnett Limited Level 18, Grosvenor Place, 225 George Street Sydney NSW 2000
Share registry*	Automic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000 1300 288 664 +61 2 9698 5414
Auditor*	William Buck Level 20 181 William Street Melbourne VIC 3000
Legal Adviser	Milcor Legal Ground Floor 52 Kings Park Road West Perth WA 6005
Stock exchange listing	Australian Securities Exchange (ASX code: NOV)
Website	www.novatti.com

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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1. KEY OFFER INFORMATION

1.1 Timetable

Activity	Date (2024)
Announcement of Entitlement Offer and Placement	Friday, 11 October
Issue of Tranche 1 Placement Shares	Wednesday, 23 October
Prospectus lodged with ASIC and ASX	Thursday, 24 October
"Ex" date	Monday, 28 October
Record date for Entitlement Offer (7.00pm Melbourne time)	Tuesday, 29 October
Entitlement Offer opening date, Prospectus sent out to Eligible Shareholders and Company announces this has been completed	Friday, 1 November
Last day to extend Closing Date of the Entitlement Offer	Thursday, 14 November
Closing date for Entitlement Offer (5.00pm Melbourne time)	Tuesday, 19 November
Announcement of results of the Entitlement Offer and Shortfall	Friday, 22 November
Issue of Shares and Attaching Options under Entitlement Offer	Tuesday, 26 November
Annual General Meeting	Thursday, 28 November
Issue of Tranche 2 Placement Shares Issue of Placement Options Issue of Broker Options Issue of Noteholder Incentive Options	Friday, 6 December

*The above dates are indicative only and subject to change. The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Securities are expected to commence trading on ASX may vary.

1.2 Background to the Offers

The Company announced on 11 October 2024 a capital raising (**Capital Raising**) to raise up to approximately \$9,442,676 comprising:

- (a) a placement of Shares to existing and new professional and sophisticated investors to raise a total of approximately \$4,024,503 (before costs) through the issue of a total of 100,612,567 Shares at an issue price of \$0.04 per Share over two tranches (**Placement**), together with one (1) free attaching Option exercisable at \$0.064 and expiring on 31 December 2027 for every one (1) Share subscribed for and issued. The second tranche of the Placement and the issue of the free-attaching Options are subject to Shareholder approval. Further details of the Placement and Placement Options Offer are set out in Sections 2.1 and 2.4, respectively; and
- (b) a pro-rata non-renounceable entitlement issue of one (1) Share for every three (3) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.04 per Share together with one (1) free attaching Option exercisable at \$0.064 and expiring on 31 December 2027 for every one (1) Share subscribed for and issued to raise up to approximately \$5,418,173 (**Entitlement Offer**). Full details in respect of the Entitlement Offer are set out in Section 2.2.

The Entitlement Offer is partially underwritten by GBA Capital Pty Ltd and the Entitlement Offer and Placement are managed by GBA Capital Pty Ltd and Ord Minnett Limited as joint lead managers.

The Prospectus includes three ancillary offers, comprising:

- (a) an offer of up to 100,612,567 Options to the participants that subscribed for Shares under the Placement (**Placement Options Offer**), further details of which are set out in Section 2.4;
- (b) an offer of up to 73,320,068 Options to the Joint Lead Managers (**Broker Options Offer**), further details of which are set out in Section 2.3; and
- (c) an offer of up to 90,118,784 Options to Noteholders who take up the Company's offer of Options as an incentive to accelerate conversion of their Notes into Shares. If a Noteholder agrees to convert all of their Notes into Shares on 30 November 2024 (together with all capitalised interest on the Notes as at that date), then the Company will issue Options to the Noteholder on the same terms as the Placement Options on the basis of one Option for every one Share issued to the Noteholder on conversion (**Noteholder Incentive Options Offer**), further details of which are set out in Section 2.5.

The issue of the Broker Options, Placement Options and Noteholder Incentive Options is subject to Shareholder approval, which will be sought at the Company's upcoming annual general meeting scheduled to be held on 28 November 2024 (**2024 AGM**).

1.3 Key statistics of the Offers

Shares

	Min. Subscription ¹	Max. Subscription ²
Offer Price per Share under the Entitlement Offer	\$0.04	\$0.04
Entitlement Offer Ratio (based on existing Shares)	1:3	1:3
Shares currently on issue ³	406,363,011	406,363,011
Shares to be issued under the Entitlement Offer	75,187,500	135,454,337
Shares to be issued under Tranche 2 of the Placement	50,000,000	50,000,000
Shares to be issued to Noteholders ⁴	90,118,784	90,118,784
Gross proceeds of the issue of Shares ⁵	\$7,032,003	\$9,442,676
Shares on issue Post-Offers	621,669,295	681,936,132

Notes:

- Based on the partial underwriting amount under the Entitlement Offer of \$3,007,500.
- Based on full subscription under the Entitlement Offer including allocation of any Shortfall.
- Includes 50,612,567 Shares issued under Tranche 1 of the Placement prior to the date of this Prospectus.
- Assumes all Notes are converted into Shares with all Noteholders accepting the offer of Noteholder Incentive Options.
- Includes \$2,024,503 received under Tranche 1 of the Placement prior to the date of this Prospectus.
- Refer to Section 4.1 for the terms of the Shares.

Options

	Min. Subscription ¹	Max. Subscription ²
Offer Price per New Option ³	nil	nil
Option Entitlement Ratio (based on Shares subscribed for)	1:1	1:1
Options currently on issue	92,523,554	92,523,554
Attaching Options to be issued under the Entitlement Offer	75,187,500	135,454,337
Placement Options to be issued under the Placement Options Offer	100,612,567	100,612,567
Broker Options to be issued under the Broker Options Offer	55,240,020	73,320,071
Noteholder Incentive Options to be issued under the Noteholder Incentive Options Offer (assuming full take up)	90,118,784	90,118,784
Options on issue Post-Offers	413,682,425	492,029,313

Notes:

1. Based on the partial underwriting amount under the Entitlement Offer of \$3,007,500.
2. Based on full subscription under the Entitlement Offer including allocation of any Shortfall.
3. The Broker Options will be issued at a price of \$0.00001 each. The maximum amount to be raised under the Broker Options Offer is \$733.20.

1.4 Key Risk Factors

Prospective investors should be aware that subscribing for Securities involves a number of risks and an investment in the Company should be considered as highly speculative. The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in Section 5.

1.5 Directors' Interests in Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Options	Convertible Notes ⁵	Entitlement		\$
				Share Entitlement	Attaching Option Entitlement	
Peter Pawlowitsch	4,067,295	10,483,248 ¹	500,000	1,355,765	1,355,765	\$54,231
Peter Cook	13,674,571	18,708,443 ²	125,000	4,558,190	4,558,190	\$182,328
Kenneth Lai	13,309,971	4,179,546 ³	-	4,436,657	4,436,657	\$187,466
Killian Murphy	-	2,653,881 ⁴	-	-	-	-

Notes:

1. Comprising:
 - 2,000,000 incentive options exercisable at \$0.45, expiring 30 November 2025
 - 3,000,000 Unlisted options exercisable at \$0.20 on or before the 30 November 2026
 - 1,316,581 Unlisted ZEPOs expiring 30 June 2027
 - 4,166,667 options exercisable at \$0.095 each expiring 31 January 2027

2. Comprising:
 - 2,500,000 incentive options exercisable at \$0.27 and expiring 30 November 2024
 - 3,000,000 incentive options exercisable at \$0.45, expiring 30 November 2025
 - 6,000,000 Unlisted options exercisable at \$0.20 on or before the 30 November 2026
 - 2,700,000 remuneration options exercisable at \$0.20 and expiring 30 June 2027
 - 5,446,776 Unlisted ZEPOs expiring 30 June 2027
 - 1,041,667 options exercisable at \$0.095 each expiring 31 January 2027
3. Comprising:
 - 1,000,000 incentive options exercisable at \$0.45, expiring 30 November 2025
 - 2,000,000 Unlisted options exercisable at \$0.20 on or before the 30 November 2026
 - 1,179,546 Unlisted ZEPOs expiring 30 June 2027
4. Comprising:
 - 2,000,000 Unlisted options exercisable at \$0.20 on or before the 30 November 2026
 - 653,881 Unlisted ZEPOs expiring 30 June 2027
- 5 The Convertible Notes have a \$1 face value, a coupon of 10% per annum and a maturity date of 22 December 2026, and are convertible into Shares at a conversion price of \$0.04 (which under the terms of issue is based on the Capital Raising issue price of Shares).

The Board recommends all Shareholders take up their Entitlements. Directors Peter Pawlowitsch and Peter Cook will not take up their Entitlements however they have committed to sub-underwrite the Entitlement Offer for approximately \$288,889 and \$231,111, respectively and, subject to Shareholder approval to be sought at the 2024 AGM, to participate in Tranche 2 of the Placement for approximately \$211,111 and \$168,889, respectively. The other Directors reserve the right to take up their respective Entitlements in whole or in part at their discretion.

1.6 Details of Substantial Holders

Based on publicly available information and the Company's records as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Brayter Limited	46,631,507	13.11

Brayter Limited has committed to subscribe for 23,097,568 Shares and 23,097,568 Attaching Options for approximately \$923,903 under Tranche 2 of the Placement and has indicated that it will not participate in the Entitlement Offer. On this basis and in the event all Entitlements are accepted, Brayter Limited will hold 69,729,075 Shares representing a 10.23% relevant interest in all issued Shares (assuming no other Shares are issued) following the issue on completion of the Offers.

1.7 Underwriting and Joint Lead Mangers

The Entitlement Offer is partially underwritten by GBA Capital Pty Ltd (**GBA Capital** or **Underwriter**).

GBA Capital and Ord Minnett Limited (together, **Joint Lead Managers**) have been appointed as joint lead managers for the Capital Raising pursuant to a lead manager mandate (**JLM Engagement Letter**). As part of the JLM Engagement Letter, the Company has agreed to issue the Joint Lead Managers up to 73,320,068 New Options in consideration for the underwriting and acting as joint lead managers of the Capital Raising.

Refer to Section 6.3.1 for details regarding the key terms of the Underwriting Agreement and Section 6.3.2 for details regarding the key terms of the JLM Engagement Letter.

The Underwriter has entered into sub-underwriting agreements in respect of the Entitlement Offer with various sub-underwriters, to take up Shortfall Securities. The allocation of Shortfall Securities not taken up by the sub-underwriting will be determined by the Underwriter in agreement with the Company. For further information regarding the application and allocation of Shortfall Securities please refer to Section 2.6.5.

1.8 Effect on Control

The Underwriter (including its related entities) has a relevant interest in 1,807,500 Shares, representing approximately 0.4% of issued Shares as at the date of this Prospectus. It is not a related party of the Company for the purposes of the Corporations Act. The issue of Shares under this Prospectus to the Underwriter may increase its interest in the Company and dilute the Shareholding of other Shareholders to the extent they elect not to participate in the Entitlement Offer or are ineligible to participate in the Entitlement Offer.

In accordance with the terms of the Underwriting Agreement, the Underwriter will allocate the Shortfall to its sub-underwriters and/or clients and people who have otherwise agreed to assist with the completion of the Entitlement Offer such that neither the Underwriter, the sub-underwriters nor any of the Underwriter's clients, individually, will have a voting power in the Company in excess of 19.99% after the issue of the Shortfall.

The Company, in consultation with the Underwriter, will ensure that the Entitlement Offer (including the equitable dispersion of any Shortfall Securities) complies with the provisions of Chapter 6 of the Corporations Act and is otherwise consistent with the policy guidelines contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17.

1.9 Potential dilution on non-participating Shareholders

In addition to potential control impacts set out in Section 1.8, Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 34% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

No immediate dilution will occur as a result of the issue of the New Options under this Prospectus. However subsequent exercise of any or all of the New Options will result in dilution. Based on Full Subscription and assuming all New Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Entitlement Offer, are likely to be diluted by an aggregate of approximately 47% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

For illustrative purposes, the table below shows how the dilution may impact the holdings of Shareholders:

Holder	Holding as at Record date	% at Record Date	Entitlement Shares under the Entitlement Offer	Holdings if Entitlement Offer not taken Up	% post Entitlement Offer
Shareholder 1	10,000,000	2.46	3,333,334	10,000,000	1.69
Shareholder 2	5,000,000	1.23	1,666,667	5,000,000	0.84
Shareholder 3	2,500,000	0.62	833,334	2,500,000	0.42
Shareholder 4	1,250,000	0.31	416,667	1,250,000	0.21
Shareholder 5	625,000	0.15	208,334	625,000	0.11

Notes:

1. This is based on a share capital of 406,363,011 Shares as at the date of the Prospectus. Based on Full Subscription of the Entitlement Offer and does not account for New Options to be issued under this Prospectus.
2. Based on full subscription under the Entitlement Offer and assuming no Options are exercised. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Underwriting and Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

2. DETAILS OF THE OFFERS

2.1 The Placement

The Company received firm commitments from existing and new professional and sophisticated investors (**Placement Participants**) to raise a total of \$4,024,502 (before costs) through the issue of a total of 100,612,567 Shares at an issue price of \$0.04 per Share (**Placement Shares**) over two tranches. The first tranche (**Tranche 1**) of Shares under the Placement comprising 50,612,567 Shares (**Tranche 1 Shares**) were issued on 23 October 2024 utilising the Company's existing placement capacity under ASX Listing Rule 7.1 and the second tranche (**Tranche 2**) of Shares under the Placement comprises an aggregate 50,000,000 Shares (**Tranche 2 Shares**), subject to Shareholder approval to be sought at the Company's 2024 Annual General Meeting scheduled for late November 2024.

As the Tranche 1 Shares have been issued before the Record Date for the Entitlement Offer, the recipients of Tranche 1 Shares are eligible to participate in the Entitlement Offer in relation to the Tranche 1 Shares.

2.2 The Entitlement Offer

The Entitlement Offer is being made as a pro-rata non-renounceable entitlement issue of one (1) Share for every three (3) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.04 per Share together with one (1) free attaching Option exercisable at \$0.064 and expiring on 31 December 2027 (**Attaching Options**) for every one (1) Share subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no additional Shares are issued prior to the Record Date) up to approximately 135,454,337 Shares and 135,454,337 Attaching Options may be issued under the Entitlement Offer to raise up to \$5,418,173 (before costs). No funds will be raised from the issue of the Attaching Options.

As at the date of this Prospectus the Company has 92,523,554 Options on issue, with various exercise prices and expiry dates, all of which may be exercised prior to the Record Date in order to participate in the Entitlement Offer.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the Shares. The Attaching Options will be exercisable at \$0.064 on or before 31 December 2027 and otherwise on the terms set out in Section 4.2.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 3.

2.3 The Broker Options Offer

The Broker Options Offer made by this Prospectus is an offer to the Underwriter and Joint Lead Managers (or their nominee/s) for up to 73,320,068 New Options (**Broker Options**).

Only the Underwriter and Joint Lead Managers (or their nominee/s) may apply for the Broker Options under the Broker Options Offer. Application Forms in respect of the Broker Options Offer will only be provided by the Company to these parties.

The Underwriter and Joint Lead Managers have the right but not an obligation to subscribe for Broker Options. A subscription price of \$0.00001 each is payable for the grant of the Broker Options. The primary purpose of offering the Broker Options under the Broker Options Offer is for the Company to fulfil its obligations in respect of part of the fees payable under the Underwriting Agreement and JLM Engagement Letter.

By offering the Broker Options under this Prospectus, the Broker Options will be issued with disclosure under Chapter 6D of the Corporations Act. Accordingly, the Broker Options (and any Shares issued on their exercise) will not be subject to secondary trading restrictions.

The Broker Options will be issued on the same terms and conditions as the Attaching Options as set out in Section 4.2.

The Broker Options Offer:

- (a) is subject to Shareholder approval;
- (b) is not subject to any minimum subscription condition or requirement;
- (c) is not underwritten; and
- (d) is not made to any person other than the Underwriter and Joint Lead Managers and their nominee/s.

2.4 The Placement Options Offer

The Placement Options Offer is for up to 100,612,567 New Options (**Placement Options**) and is available for application by Placement Participants only on the basis of one (1) Option for every (1) Placement Share subscribed for and allocated under the Placement.

A maximum of 100,612,567 Options will be issued under the Placement Options Offer.

The Placement Options Offer will only be extended to Placement Participants. Accordingly, Application Forms in relation to the Placement Options Offer will only be provided by the Company to the Placement Participants.

By offering the Placement Options under this Prospectus, the Placement Options will be issued with disclosure under Chapter 6D of the Corporations Act. Accordingly, the Placement Options (and any Shares issued on their exercise) will not be subject to secondary trading restrictions.

The Placement Options to be issued under the Placement Options Offer will be issued on the terms and conditions set out in Section 4.2.

Any Shares issued upon the future exercise of the Placement Options will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to Shares.

No funds will be raised pursuant to the Placement Options Offer as the Options are being issued free attaching at a nil issue price in accordance with the terms of the Placement.

Entitlements to Placement Options under the Placement Options Offer are non-renounceable.

2.5 The Noteholder Incentive Options Offer

The Company has on issue 3,488,000 convertible notes that have a \$1 face value, a coupon of 10% per annum and a maturity date of 22 December 2026 (**Notes**). Noteholders may also elect to capitalise interest in lieu of payment in cash. They are convertible into Shares at a conversion price of the lower of \$0.06 and the next equity capital raising price, subject to a floor price of \$0.04. The \$0.04 floor price has been triggered by the Company conducting the Capital Raising.

The issue of the Notes occurred over two tranches on 8 January 2024 and 15 February 2024.

In light of the Capital Raising, as an incentive to accelerate conversion of the Notes into Shares, the Company has made an offer to all Noteholders whereby, if the Noteholder agrees to convert all of their Notes on 30 November 2024 (together with all capitalised interest on the Notes as at that date), then the Company will issue New Options to the Noteholder on the same terms as the Placement Options (**Noteholder Incentive Options**) on the basis of one (1) Noteholder Incentive Option for every one (1) Share issued to the Noteholder on conversion. The conversion price is \$0.04.

A maximum of 90,118,784 Options will be issued under the Noteholder Incentive Options Offer.

The Noteholder Incentive Options Offer will only be extended to Noteholders who elect to convert all of their Notes on 30 November 2024. Accordingly, Application Forms in relation to the Noteholder Incentive Options Offer will only be provided by the Company to those Noteholders.

By offering the Noteholder Incentive Options under this Prospectus, the Noteholder Incentive Options will be issued with disclosure under Chapter 6D of the Corporations Act. Accordingly, the Noteholder Incentive Options (and any Shares issued on their exercise) will not be subject to secondary trading restrictions.

The Noteholder Incentive Options to be issued under the Noteholder Incentive Options Offer will be issued on the terms and conditions set out in Section 4.2.

Any Shares issued upon the future exercise of the Noteholder Incentive Options will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to Shares.

No funds will be raised pursuant to the Noteholder Incentive Options Offer as the Options are being issued free attaching at a nil issue price in accordance with the terms of the offer to Noteholders.

Entitlements to Noteholder Incentive Options under the Noteholder Incentive Options Offer are non-renounceable.

2.6 Entitlement Offer

2.6.1 What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form which can be accessed from <https://investor.automic.com.au>. Eligible Shareholders may choose any of the options set out in the table below.

Option	Key Considerations	For more information
Take up all of your Entitlement	<ul style="list-style-type: none"> • Should you wish to accept all of your Entitlement, then your application for Securities under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully. • Payment can be made by the methods set out in Section 2.6.2. As set out in Section 2.6.2, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form. 	Section 2.6.2 and Section 2.6.3.
Take up all of your Entitlement and also apply for Shortfall Securities	<ul style="list-style-type: none"> • Should you wish to accept all of your Entitlement and apply for Shortfall Securities, then your application for your Entitlement and additional Shortfall Securities under this Prospectus must be made by following the instructions on your personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully. • Payment can be made by the methods set out in Section 2.6.2. Payment should be made for your Entitlement and the amount of the Shortfall for which you are applying. • If you apply for Shortfall Securities beyond your Entitlement you are deemed to have accepted your Entitlement in full. You should note that the allocation of Shortfall Securities is at the Company's absolute discretion as per the allocation policy set out in Section 2.6.5. Accordingly, your application for additional Shortfall Securities may be scaled-back. • The Company's decision on the number of Shortfall Securities to be allocated to you will be final. 	Sections 2.6.2, 2.6.3 and 2.6.5.
Take up a proportion of your Entitlement and allow the balance to lapse	<ul style="list-style-type: none"> • If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus for the number of Securities you wish to take up and making payment using the methods set out in Section 2.6.2 below. As set out in Section 2.6.2, if you pay by BPAY or EFT, you do not need to return the Entitlement and Acceptance Form. 	Section 2.6.2 and Section 2.6.3
Allow all or part of your Entitlement to lapse	<ul style="list-style-type: none"> • If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement by the Closing Date, the Entitlement Offer to you will lapse. 	N/A

The Entitlement Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

2.6.2 Payment options

(a) By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form found online at <https://investor.automic.com.au>. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm (AEDT) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

Guidance where you have more than one CRN (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same CRN for more than one of your Shareholdings.** This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

(b) By Electronic Funds Transfer

For payment by Electronic Funds Transfer (EFT), please follow the instructions on the Entitlement and Acceptance Form found online at <https://investor.automic.com.au>. You can only make a payment via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by EFT:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;

- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through EFT are received by 5:00pm (AEDT) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the EFT payment.**

Guidance where you have more than one unique reference number (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the unique reference number specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same unique reference number for more than one of your Shareholdings.** This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

(c) Other forms of payment not accepted

Payment by cheque, money order or cash will not be accepted.

2.6.3 Implications of an acceptance

Payment of any Application monies by BPAY® or EFT in accordance with the instructions on your personalised Entitlement and Acceptance Form, will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the BPAY® or EFT payment instruction is given in relation to any Application monies, the application may not be varied or withdrawn except as required by law.

2.6.4 Minimum subscription

The minimum subscription in respect of the Entitlement Offer is \$3,007,500, being the partially underwritten amount of the Entitlement Offer.

No Securities will be issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

2.6.5 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer (**Shortfall Securities**). The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.04 being the price at which Shares have been offered under the Entitlement Offer (**Shortfall Share**). The Shortfall Offer will also include the issue of one (1) Attaching Option for every one (1) Shortfall Share issued and subscribed for, on the same terms as the Entitlement Offer.

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other Eligible Shareholders or other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Entitlement Offer.

Eligible Shareholders who wish to subscribe for Securities above their Entitlement are invited to apply for Shortfall Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Securities in accordance with Section 2.6.2.

Allocation of the Shortfall Securities will be at the discretion of the Board in conjunction with the Underwriter and will otherwise be subject to the terms of the Underwriting Agreement, details of which are set out in Section 6.3.1, and any agreements with Sub-Underwriters. If the Entitlement Offer is oversubscribed (by take up of Entitlements and applications for Shortfall Securities by Eligible Shareholders), scale back will be applied to applications under the Shortfall Offer. The Company may in its absolute discretion determine to apply the scale back to the extent and in the manner it sees fit, which may include taking into account a number of factors including, but not limited to:

- (a) the size of your shareholding at the Record Date;
- (b) the extent to which you have sold or purchased Shares since the Record Date;
- (c) whether you have multiple registered holdings;
- (d) the date on which your application was made; and
- (e) the total number of applications and Shares subscribed for by Eligible Shareholders.

The Underwriter notes that no Securities will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Securities would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Securities will be issued via the Shortfall Offer to any related parties of the Company.

2.7 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.

Application for official quotation of the New Options offered pursuant to this Prospectus will also be made within 7 days after the date of this Prospectus. If ASX does not grant official quotation of the New Options offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any New Options.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

2.8 Issue of Securities

Securities issued pursuant to the Entitlement Offer will be issued in accordance with the ASX Listing Rules and timetable set out at Section 1.1.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made surplus Application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Entitlement Offer will be mailed as soon as practicable after the issue of Securities and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

2.9 Overseas shareholders

These Offers do not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

New Zealand

The Entitlement Offer is being extended to New Zealand investors in reliance on the *Financial Markets Conduct Act (Incidental Offers) Exemption Notice 2021* (New Zealand).

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia or New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

2.10 Appointment of Nominee – Entitlement Offer

Pursuant to ASX Listing Rule 7.7, the Company has appointed Ord Minnett Limited as nominee to sell the Entitlements to which Ineligible Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

The proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee must sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the nominee will not be required to sell Ineligible Shareholders' Entitlements at a particular price.

Shareholders resident in Australia or New Zealand holding Securities on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

3. PURPOSE AND EFFECT OF THE OFFERS

3.1 Purpose of the Offers

The purpose of the Entitlement Offer is to raise up to approximately \$5,418,173 before costs. Combined with the Placement, which will raise up to approximately \$4,024,503 before costs, the aggregate maximum funds to be raised is approximately \$9,442,676.

The purpose of the Broker Options Offers is set out in Section 2.3.

The purpose of the Placement Options Offers is set out in Section 2.4.

The purpose of the Noteholder Incentive Options Offers is set out in Section 2.5.

The funds raised from the Capital Raising are intended to be applied in accordance with the table set out below:

Use of Funds	Minimum Subscription (\$)	%	Maximum Subscription (\$)	%
Repayment of Liabilities	\$2,140,704	30%	\$2,140,704	23%
Brand refresh	\$100,000	1%	\$250,000	3%
Vertical market penetration	\$100,000	1%	\$250,000	3%
New business initiatives	\$556,115	8%	\$855,562	9%
General working capital ¹	\$3,553,859	51%	\$5,187,320	55%
Costs of the Capital Raising ²	\$581,324	8%	\$759,089	8%
Total	\$7,032,003	100%	\$9,442,676	100%

Notes:

1. Working capital funds will be held on deposit in the Company's current banking facilities and are available to the Company as it continues to build market awareness of Novatti payments solutions, continue growth and to fund operating losses as the Company transitions to cashflow positive as a consequence of this. Working capital uses include payment of employee salaries and related costs, payments to suppliers (such as technology hosting and software costs), corporate costs and other ordinary course expenses necessary to operate the business.
2. Refer to Section 6.7 for further details relating to the estimated expenses of the Offers.

On completion of the Capital Raising, the Board believes the Company will have sufficient working capital to achieve its stated objectives. In the event the Entitlement Offer is not fully subscribed, operational objectives are likely to be modified, which may result in delay or substantial changes to the Company's future plans.

In addition, it should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its business activities and operations.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

3.2 Effect of the Offers

The principal effect of the Offers, based on Full Subscription, completion of the Placement (including the issue of the Tranche 2 Shares) and all Noteholders taking up the offer of Noteholder Incentive Options, and assuming no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, will be to:

- (a) increase the cash reserves by \$8,683,587 (after deducting the estimated expenses of the Offers) immediately after completion of the Offers;
- (b) increase the number of Shares on issue from 406,363,011 as at the date of this Prospectus to 681,936,132 Shares; and
- (c) increase the number of Options on issue from 92,523,554 as at the date of this Prospectus to 492,029,313 Options.

3.3 Effect on capital structure

The effect of the Offers on the capital structure of the Company, based on Full Subscription, the issue of the Tranche 2 Shares and all Noteholders taking up the offer of Noteholder Incentive Options, and assuming no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, is set out below.

Shares¹

	Number
Shares currently on issue	406,363,011
Shares offered pursuant to the Entitlement Offer	135,454,337
Shares to be issued under Tranche 2 of the Placement	50,000,000
Shares to be issued to Noteholders ²	90,118,784
Total Shares on issue after completion of the Offers	681,936,132

Notes:

- 1. The rights and liabilities attaching to the Shares are summarised in Section 4.1.
- 2. Assumes all Notes are converted into Shares with all Noteholders accepting the offer of Noteholder Incentive Options.

Options

	Number
Options currently on issue as at the date of this Prospectus ¹	92,523,554
Attaching Options to be issued under the Entitlement Offer ²	135,454,337
Placement Options to be issued under the Placement Options Offer ^{2,3}	100,612,567
Broker Options to be issued under the Broker Options Offer ^{2,3}	73,320,071
Noteholder Incentive Options to be issued under the Noteholder Incentive Options Offer (assuming full take up) ^{2,3}	90,118,784
Total Options on issue after completion of the Offers	482,029,313

Notes:

- 1. Comprising 38,770,861 quoted options expiring 31 January 2027 (ASX: NOVO) and the following unquoted Options:
 - (a) 1,666,667 options exercisable at \$0.1575 expiring 06-Jul-2025
 - (b) 1,500,000 options exercisable at \$0.18 expiring 17-Apr-2026

- (c) 13,000,000 options exercisable at \$0.20 expiring 30-Nov-2026
 - (d) 9,450,000 options exercisable at \$0.20 expiring 30-Jun-2027
 - (e) 833,333 options exercisable at \$0.25 expiring 06-Jul-2025
 - (f) 1,250,000 options exercisable at \$0.25 expiring 30-Jun-2026
 - (g) 2,500,000 options exercisable at \$0.27 expiring 30-Nov-2024
 - (h) 100,000 options exercisable at \$0.3262 expiring 25-Jan-2025
 - (i) 2,325,000 options exercisable at \$0.35 expiring 19-Apr-2025
 - (j) 7,000,000 options exercisable at \$0.45 expiring 30-Nov-2025
 - (k) 375,000 options with various exercise prices and expiring on various dates
 - (l) 13,752,693 zero exercise price options expiring 30-Jun-2027
2. The rights and liabilities attaching to the New Options are summarised in Section 4.2.
 3. The issue of these Options is subject to Shareholder approval, which the Company will seek at the 2024 AGM.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 498,886,565 Shares and on completion of the Offers (based on Full Subscription, the issue of the Tranche 2 Shares and conversion of all issued Notes if all Noteholders taking up the offer of Noteholder Incentive Options, and assuming no other Shares are issued) would be 1,173,965,445 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.4 Pro-forma balance sheet

The audited balance sheet as at 30 June 2024 and the unaudited pro-forma balance sheet as at 30 June 2024 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared based on Full Subscription and assuming no issued Options or other convertible securities are exercised prior to the Record Date (but does assume all Notes currently on issue are converted on 30 November 2024) and including expenses of the Capital Raising.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Audited 30 June 2024	Post 30 June 2024 Adjustments	Impact of Capital Raising	Unaudited Pro-Forma as at 30 June 2024
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
ASSETS				
Current assets				
Cash and cash equivalents	9,469	(4,852)	8,684	13,301
Trade and other receivables	8,719	(1,099)	-	7,619
Financial assets - funds in trust	93,403	(3,931)	-	89,472
Other current assets	526	(7)	-	519
Total current assets	112,116	(9,888)	8,684	110,912
Non-current assets				
Other investments at fair value through profit and loss	166	-	-	166
Plant and equipment	295	(23)	-	272
Right-of-use assets	353	(61)	-	292
Intangible assets	6,390	(265)	-	6,125
Security deposits	4,537	(14)	-	4,523
Total non-current assets	11,741	(364)	-	11,377
TOTAL ASSETS	123,857	(10,252)	8,684	122,289
LIABILITIES				
Current liabilities				
Trade and other payables	23,068	(2,783)	-	20,285
Settlement, remittance and visa funds payable	93,390	(4,742)	-	88,648
Borrowings	880	(23)	-	857
Lease liabilities	243	-	-	243
Contract liabilities	472	376	-	848
Employee benefits	3,207	(187)	-	3,020
Total current liabilities	121,260	(7,359)	-	113,901
Non-current liabilities				
Borrowings	-	-	-	-
Lease liabilities	146	(76)	-	70
Convertible note facilities	2,146	12	(2,146)	12
Employee benefits	64	0	-	64
Total non-current liabilities	2,356	(63)	(2,146)	147
TOTAL LIABILITIES	123,616	(7,422)	(2,146)	114,048
NET ASSETS	241	(2,830)	10,830	8,241
EQUITY				
Issued capital	91,806	-	9,066	100,872
Reserves	5,972	567	2,421	8,959
Accumulated losses	(102,345)	598	(657)	(102,404)
Equity attributable to the owners of Novatti Group Limited	(4,567)	1,164	10,830	7,427
Non-controlling interest	4,808	(3,994)	-	814
TOTAL EQUITY	241	(2,830)	10,830	8,241

Notes:

1. Post 30 June 2024 adjustments are to 30 September 2024 and comprise unaudited trading from 1 July 2024 to 30 September 2024 and the sale of shares in IBOA Group Holdings Pty Ltd late in July 2024.
2. The pro-forma balance sheet assumes all Noteholders take up the Company's offer of Noteholder Incentive Options and convert all Notes into Shares on 30 November 2024.
3. The pro-forma balance sheet includes an increase of cash of \$8,683,587 under Full Subscription, as contemplated by the Entitlement Offer less costs of the Entitlement Offer totalling \$759,089. Refer to Section 6.7 for the expenses of the Capital Raising.

4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

4.1 Rights and Liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares and the underlying securities of the New Options being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may capitalise any profits of the Company and distribute that capital to the Shareholders, in the same proportions as the Shareholders are entitled to a distribution by dividend.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(j) **Proportional Takeover Provisions**

The Constitution contains provisions in relation to proportional takeover approval. The effect of these provisions will be to prohibit the transfer of Shares as a result of acceptance of an offer made under a proportional takeover bid unless and until a resolution is passed by the Company approving the proportional takeover bid.

4.2 Terms and Conditions of New Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

The amount payable upon exercise of each Option is \$0.064 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEDT) on 31 December 2027 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**). The Options are exercisable on any business day during the Option Exercise Period. An Option holder may only exercise Options in multiples of 100,000, unless the Option holder exercises all of their Options.

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the holding statement for the Options (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 10 Business Days (as that term is defined in the ASX Listing Rules) after the Exercise Date (or such lesser time as required by the ASX Listing Rules), the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and

- (ii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
- (h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued Shares.
- (i) **Quotation of Options**

The Company will apply for quotation of the Options on ASX.
- (j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) **Bonus Issue**

If before the expiry of any Options, the Company makes a pro rata issue of Shares to Shareholders for no consideration (**Bonus Issue**), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue.
- (m) **No change in exercise price or number of underlying securities**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised in the event of the Company making a pro rata issue of Shares or other securities to shareholders (other than a Bonus Issue).
- (n) **Transferability**

The Options are freely transferable subject to any restrictions imposed by ASX or under applicable Australian securities laws.

5. RISK FACTORS

This section includes details of the key risks attaching to an investment in securities in the Company and its subsidiaries (**Group**). These risks may affect the future operating and financial performance of the Company and the value its securities. The key risks are not set out in any particular order and are not exhaustive. Before deciding whether to invest in Novattis securities, you should consider whether such an investment is suitable for you having regard to publicly available information (including this presentation), your personal circumstances and following consultation with a financial or other professional adviser. Additional risks and uncertainties that the Company is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the Company's operating and financial performance.

You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of the Company, its directors and senior management. Further, you should note that this section focuses on the potential key risks and does not purport to list every risk that the Company may have now or in the future. It is also important to note that there can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements or forecasts contained in this presentation will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances, and taxation position.

Specific risks

(a) Going Concern

The last set of financial statements the Company issued were for the period ended 30 June 2024 which were prepared on the basis that the entity is a going concern, and contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. The Group recorded revenue of \$42.9 million, a net loss after tax of \$20.6 million and incurred net cash outflows from operating activities of \$13.4 million. The Company has continued to be loss making since that date.

The Group's ability to continue as a going concern is dependent upon its ability to generate positive cashflow from its business operations which is targeted in early calendar year 2025. These matters indicate that a material uncertainty exists that may cast significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- the Company's directors are planning for the business to reduce net operating cash outflows during the 2024/25 financial year by increasing cash receipts from customers and further reducing costs in order to work towards positive future operating cash flow;
- the Group owns a number of investments that the Group can potentially sell;

- the Company has historically demonstrated its ability to raise funds to satisfy its cash requirements;
- Group management is actively considering the future capital requirements of the entity and will consider all funding options as required;
- the Company's directors are able and willing to defer amounts owed to them in cash or settle outstanding obligations, including director fees, in equity instruments (subject to shareholder approval if applicable) until such time as the Group has sufficient working capital to settle the obligations in cash;
- the Group is undertaking a simplification strategy to extract more value from existing resources rather than adding extra cost and has the ability to scale back certain activities that are non-essential to existing customers so as to conserve cash; and
- post 30 June 2024, the Group divested 100% of its remaining interest in IBOA Group Holdings Pty Ltd, raising \$2.87 million in cash. The directors may consider, if required, the sale or dilution of the Group's interest in other non-core business assets.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The above-mentioned financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(b) Regulatory and licensing risk

The Company operates in a complex regulatory environment and in jurisdictions that have varying degrees of enactment and implementation of regulations.

The financial services sector in Australia and other markets in which the Company operates are subject to stringent and complex regulations. A failure to comply with financial license conditions, or related regulatory requirements including KYC and AML, may adversely affect the Company and its business units.

In addition, changes to the regulations themselves or the way such regulations are interpreted, implemented or enforced may affect the Company's platforms or products in those jurisdictions or the ability of the Company or its partners to conduct business in those jurisdictions.

(c) Growth and Profitability

The Company continues to trade in a loss-making position, incurring operating cash outflows as it strives to achieve positive operating cashflows through continued growth alongside organizational restructuring and refactoring operating costs.

The Company's future growth and profitability is dependent on continuing to increase the usage of its products, particularly in the focus area of Payments AU/NZ. Its key strengths are the strong market and domain knowledge of payments,

flexible approaches to value exchange, and the breadth of payments capabilities to drive tailored solutions into new target verticals.

A failure to continue to innovate and add new functionality to its platforms, and to operate its platforms at a standard that will retain clients and attract new clients could lead to customers not renewing their engagement with the Company, which could adversely impact the Company's financial performance and/or operations. If the Company is not able to grow revenues and cash receipts, reduce operating costs or obtain additional financing as needed, it may be required to reduce the scope of its operations and may be prevented from progressing the commercialisation of its technology.

(d) Reliance on key suppliers and third party platforms

The Company relies on a range of third party vendors and suppliers to deliver services to customers in a range of markets, including white labelled platforms, onboarding, processing, transaction facilitation, distribution and banking facilities. The Company expects there is a need to transition away from at two key platform providers in the near term, which will involve execution and customer migration risks. In some cases, limited alternatives are in place or implementing alternatives may involve significant time and cost. If single suppliers were to discontinue operations, adjust their risk appetite or otherwise restrict services, the Company may need to limit the scope of operations, discontinue certain products or withdraw from certain markets.

The Company's products and services are intended for use across a number of internet access platforms, mobile and desktop devices and software operating systems. The Company depends on the ability of its products and services to operate on such platforms, devices and operating systems however it cannot control the maintenance, upkeep and continued supply of effective service from external suppliers in these areas. Any changes in such platforms, operating systems or devices that adversely affect the functionality of the Company's products and services or give preferential treatment to competitive products and services could adversely affect usage of the Company's products and services.

(e) Reliance on access to and confidence in telecommunications and internet

In some instances, the Company will depend on the ability of clients and their customers to access a deployed solution over telecommunications and internet access and to remain confident processing financial transactions online.

A failure of telecommunications networks could severely impact the Company's ability to deliver its services, and there may be a loss of confidence in the Company's products that may negatively impact ongoing revenue and sales.

(f) Ability to run effective and reliable financial and payments systems

The Company develops, deploys, maintains and operates financial and payments systems technology. There is little tolerance for error or downtime in such systems and the Company must maintain effective and reliable system performance for all customers. Should the Company experience significant and unanticipated errors and downtime, there may be a loss of confidence in the Company's products that may negatively impact ongoing revenue and sales.

(g) **Operational risk**

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events which affect the Company's business.

The Company is exposed to operational risks such as external and internal fraud, processing errors, system or hardware failure and failure of information security systems. Loss from operational risk events could divert investment from new products into remediation of existing systems and processes, damage client relations or our reputation, adversely affect the Company's financial results or position, as well as divert staff away from their core roles to remediation activity. In addition, losses could include legal or remediation costs and loss of property and/or information.

(h) **Reliance on key senior staff**

The Company's operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations.

(i) **Reliance on continual product development**

The Company's ability to grow the use of its products and generate revenue will depend in part on its ability to continue to innovate and develop features for existing products and additional products. A failure of innovation and product development could lead to a loss of confidence in the Company's products that may negatively impact ongoing revenue and sales.

(j) **Competition**

The Company competes with other organisations and businesses, many of which have greater financial and other resources than the Company. As a result, they may be in a better position to compete for future business opportunities and adversely impact upon the Company's ability to make sales and earn revenue.

(k) **Changes in technology**

The Company's success will depend, in part, on its ability to expand its products and grow its business in response to changing technologies, client adoption and end consumer behaviour. Further, the cost of responding to changing technologies is unpredictable and may impact the Company's profitability or, if such cost is prohibitive, may reduce the Company's capacity to expand or maintain its business.

(l) **Data loss, theft or corruption**

The Company, its hosting providers, and networks are required to adhere to their own and service provider's security and compliance standards. If adequate safeguards and measures to mitigate breaches are not provided and maintained, it could negatively impact upon the Company's reputation, revenue and profitability. If the Company's security measures are breached, or if its products are subject to cyber-attacks that expose or restrict customer access to the platform or their data, its solutions may be perceived as less secure than competitors and customers may stop using the Company's products.

(m) **Liquidity and realisation risk**

There can be no guarantee that an active market in the Company's securities will be maintained or that the price of its securities will increase.

The Company may experience relatively few buyers and/or sellers at any given time and this may restrict the ability to trade in securities and increase the volatility of their market price.

(n) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and further debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or scale back its product or market development.

(o) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(p) **International business risks**

The Company has global operations. Businesses that operate across multiple jurisdictions face additional complexities from the unique business requirements in each jurisdiction. Wherever the Company sets up operations it is exposed to a range of political and multi-jurisdictional risks such as risks relating to labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal regime (including in relation to financial services regulation, taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which the Company operates.

(q) **Sustainability and climate change risk**

Environmental, Social and Governance (or ESG) risks are becoming increasingly relevant to all businesses. The possible effects of climate change may impact the prosperity of economies, environments and societies all around the world.

Though the Company's operations are not subject to any particular and significant environmental regulation under any law of the countries in which it operates, this area and associated governmental responses have potential impact on the Company's business in unknown ways.

(r) **Taxation risk**

As at the date of this document, the Company is overdue in paying net liabilities of approximately \$3.7 million plus interest and penalties to the Australian Taxation Office (**ATO**) for PAYG balances accruing since November 2022 and, as a consequence, the Company is in breach of tax legislation and exposing the Company and its directors to ATO action.

Whilst the Company is seeking to finalise an 18 month repayment plan and has entered multiple information exchanges with the ATO to achieve this outcome, there is no guarantee that the ATO will agree to this on terms the Company seeks or at all. The Company has made a lump sum payment of \$1m in September 2024 against the debt with monthly instalments of \$0.24m scheduled from October 2024 while the payment plan is being finalised. If a payment plan is not accepted, the need to immediately pay and the imposition of significant fines, charges or penalties and reputational damage as a result of the overdue amounts could adversely affect the Company's business and financial condition, and may result in the Company needing to raise further funds.

Furthermore, unresolved tax liabilities pose a substantial financial burden on the Company's operations, potentially impacting liquidity, cashflow, investor confidence and the ability to secure debt or equity financing.

The Victorian State Revenue Office is undertaking a customary payroll tax review of the Group in the ordinary course of its activities. The Company does not expect any material liability to arise out of the review process, however there is no guarantee that this will be the case, therefore exposing the Company to further unanticipated tax liability and, in addition to that liability, the risk of fines, charges or penalties and reputational damage as a result.

(s) Litigation

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of claims by contract counterparties, personal injury and property damage claims, environmental and indemnity claims, employee claims and other litigation and disputes. There is a risk that such litigation, claims and disputes could materially and adversely affect the Company's operating and financial performance due to the cost of defending and/or settling such claims, and could affect the Company's reputation.

The Company has been joined as a defendant in legal proceedings in the Supreme Court of New South Wales that have been brought by a shareholder, Qing Li, regarding two purported transfers of securities in the Company to Chen Xiadi, another shareholder in the Company. The Company is a party to the proceedings as it maintains the members register through its agent, Automic. Neither Madam Li nor Mr Chen have made any claim or allegations of wrongdoing against Novatti in these proceedings.

Madam Li claims that the attempted share transfers were not authorised by her and the proceedings have been brought to determine the underlying beneficial ownership of the securities. Mr Chen has lodged a counterclaim against Madam Li's claim. A directions hearing is set for 24 October 2024.

The Company is in dispute with the sellers of ATX Fintech Holding SB Malaysia (**ATX**) regarding payment and timing of earn out consideration linked to the financial performance of ATX post-acquisition. The Company acquired ATX in January 2022.

The Company has received a letter of demand from a Malaysian law firm acting for the ATX sellers, who are claiming an amount of MYR7,379,174.27 (approximately A\$2.6 million). The Company has responded to that letter. ATX unexpectedly delivered operating losses in CY22 and CY23 with the Company holding back full earn out payments for both these periods whilst it reconciles the position given that ATX had delivered operating profits prior to acquisition.

ATX is operating normally and has not been impacted by the dispute, with financial performance having improved early in the current financial year following intervention by Company management.

Whilst the Company expects to resolve the dispute without the need for litigation, there is a risk that the matter is not resolved by agreement and that some or all of the ATX sellers commence formal legal proceedings in the Malaysian courts or elsewhere. There is no guarantee that the Company will be able to fully or partially succeed in the defence of such a claim or that the matter will be resolved on favourable terms for the Company.

The Company is not aware of any other legal proceedings pending against it or any subsidiary.

(t) **Insurance coverage**

The Company currently has in place what it believes are adequate levels of insurance for directors' and officers' liability, professional liability and indemnity, commercial general liability and property damage, cyber and workers' compensation to protect the Company from potential losses and liabilities. However, there is a possibility that events may arise which are not adequately covered by the Company's existing insurance policies and the Company cannot guarantee that the Company's existing insurance will be available or offered in the future. An inability of the Company to maintain such cover in the future could limit the ability of the Company to conduct its business, which could have a negative impact on the financial results and prospects.

(u) **Credit Risk**

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from potential default by the counterparty, with maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting date is addressed in each applicable note.

(v) **Market Risk –Foreign Currency**

The Company is exposed to currency risk on cash at bank, accounts receivable and payable accounts and on its financial assets in Canadian Dollars (CAD) to fund its Canadian operations, Euro (EUR) and Great British Pounds (GBP) to service its European Operations in the UK, also US Dollars (USD) and New Zealand Dollars (NZD).

(w) **Market Risk –Price Risk**

The Company is exposed to other price risk on its investments in listed and unlisted entities. These investments are classified on the statement of financial position as investment assets initially recorded at cost and are subsequently measured at fair value through the statement of profit or loss. The investments are in three different entities. The assets and liabilities within these investments indirectly expose the Company to equity price risks.

(x) **Liquidity Risk on Working Capital**

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least three months.

General risks

(a) **Economic risk**

Changes in the general economic climate in which the Company will operate may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption and the rate of growth of gross domestic product in Australia and other jurisdictions in which the Company operates or may acquire specific assets.

(b) **Changes in government policies and legislation**

Changes in the political relationship between Australia and other countries can affect the demand for the Company's products and services. Examples of this might be trade embargos or restrictions on the Company's services, restrictions on the free flow of migrants and travellers, or economic sanctions against countries that may use the Company's products and services.

(c) **Changing geo-political environment**

Changes in the political relationship between Australia and its trading parties can affect the demand for the Company's products and services. Examples of this might be trade embargos or increased tariffs on the Company's goods or economic sanctions against the countries that are buying the Company's products and services, or war between countries to which the Company exports its products and services.

(d) **Global credit and investment markets**

Global credit, commodity and investment markets can experience a high degree of uncertainty and volatility. The factors which lead to this situation are outside the control of the Company and may result in volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's securities trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general, and fintech securities in particular. Neither the Company, nor its directors warrant the future performance of the Company or any return on an investment in the Company.

(e) **Changes in tax laws and their interpretation**

Changes in tax law or changes in the way tax laws are interpreted may impact the level of tax that the Company is required to pay or collect, shareholder returns, the level of dividend imputation or franking or the tax treatment of a shareholder's investment. In particular, both the level and basis of taxation may change. Tax law is frequently being changed, both prospectively and retrospectively. Further, the status of some key tax reforms remains unclear at this stage.. Additionally, tax authorities may review the tax treatment of transactions entered into by the Company. Any actual or alleged failure to comply with, or change in the application or interpretation of, tax rules applied in respect of such transactions, may increase the Company's tax liabilities or expose it to legal, regulatory or other actions.

(f) **Changes in accounting standards and their interpretation**

Changes to accounting or financial reporting standards or changes to the interpretation of those standards could materially adversely impact the reported financial performance and position of the Company.

(g) **Force majeure events**

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of the Company and the price of the Company's securities. These events can have an adverse impact on the demand for the Company's services and its ability to conduct its business. The Company has only a limited ability to insure against some of these risks. If any of these event occur, there may be a material adverse impact on the Company's operations, financial performance and viability.

6. ADDITIONAL INFORMATION

6.1 Litigation

The Company has been joined as a defendant in legal proceedings in the Supreme Court of New South Wales that have been brought by a shareholder, Qing Li, regarding two purported transfers of securities in the Company to Chen Xiadi, another shareholder in the Company. The Company is a party to the proceedings as it maintains the members register through its agent, Automic. Neither Madam Li nor Mr Chen have made any claim or allegations of wrongdoing against Novatti in these proceedings. Madam Li claims that the attempted share transfers were not authorised by her and the proceedings have been brought to determine the underlying beneficial ownership of the securities. Mr Chen has lodged a counterclaim against Madam Li's claim.

The Company is in dispute with the sellers of ATX Fintech Holding SB Malaysia (**ATX**) regarding payment and timing of earn out consideration linked to the financial performance of ATX post-acquisition. The Company acquired ATX in January 2022. The Company has received a letter of demand from a Malaysian law firm acting for the ATX sellers, who are claiming an amount of MYR7,379,174.27 (approximately A\$2.6 million). The Company has responded to that letter. ATX unexpectedly delivered operating losses in CY22 and CY23 with the Company holding back full earn out payments for both these periods whilst it reconciles the position given that ATX had delivered operating profits prior to acquisition. The Company expects to resolve the dispute without the need for litigation.

As at the date of this Prospectus, the Company is not involved in any other legal proceedings and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

6.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of

the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date Lodged	Headline
23/10/2024	Issue of T1 Shares, Cleansing Notice & Updated Timeline
23/10/2024	Application for quotation of securities - NOV
15/10/2024	Notification of cessation of securities - NOV
11/10/2024	Update - Proposed issue of securities - NOV
11/10/2024	Proposed issue of securities - NOV
11/10/2024	Proposed issue of securities - NOV
11/10/2024	Proposed issue of securities - NOV
11/10/2024	Capital Raising
9/10/2024	Trading halt

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through via the Company's website at www.novatti.com/asx-announcements.

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.091	23 September 2024
Lowest	\$0.036	21, 22 and 23 October 2024
Last	\$0.036	23 October 2024

6.3 Material Contracts

6.3.1 Underwriting Agreement

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with GBA Capital, pursuant to which GBA Capital has agreed to partially underwrite the Entitlement Offer (**Underwritten Securities**).

GBA Capital may appoint sub-underwriters to sub-underwrite the Entitlement Offer. The appointment of any sub-underwriter and the allocation of any Underwritten Securities is at the sole discretion of the Underwriter, subject to ensuring that no sub-underwriter (together with their associates) acquires a relevant interest in more than 19.99% of the issued share capital of the Company.

The material terms and conditions of the Underwriting Agreement are summarised below:

Fees	The Company has agreed to pay the Underwriter an underwriting fee of 6% of the Entitlement Offer proceeds and to issue to the Underwriter (or its nominee/s) the Options contemplated in the JLM Engagement Letter.
Reimbursement of Expenses	In addition, the Company agrees to reimburse the Underwriter for all costs and expenses (including any applicable GST) reasonably incurred by the Underwriter in relation to the Entitlement Offer and the Underwriting Agreement, including legal fees, up to a maximum of \$20,000.
Termination Events	<p>The Underwriter, may by written notice to the Company, terminate its obligations under the Underwriting Agreement upon or at any time prior to completion of the Entitlement Offer if:</p> <ul style="list-style-type: none"> (a) Indices fall: either of the All Ordinaries Index or the S&P/ASX Small Ordinaries Index as published by ASX is at any time after the date of the Underwriting Agreement, at a level that is 10% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement; or (b) Share Price: the volume weighted average price of the Shares as traded on ASX over any three (3) consecutive trading day period after the lodgement date is equal to or less than \$0.035; or (c) Prospectus: the Company does not lodge the Prospectus on the lodgement date in the timetable or the Prospectus or the Entitlement Offer is withdrawn by the Company; or (d) Supplementary Prospectus: <ul style="list-style-type: none"> (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described below, forms the view on reasonable grounds that a supplementary or replacement Prospectus should be lodged with ASIC and the Company fails to lodge a supplementary or replacement Prospectus in such form and content and within such time as the Underwriter may reasonably require; or (ii) the Company lodges a Supplementary Prospectus without the prior written agreement of the Underwriter which must not be unreasonably withheld; or

- (e) **Non-compliance with disclosure requirements:** it transpires that the Prospectus does not contain all the information required by the Corporations Act; or
- (f) **Misleading Prospectus:** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (g) **proceedings:** ASIC or any other Government Authority commences any investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Prospectus, or publicly announces that it intends to do so;
- (h) **Unable to Issue Securities:** the Company is prevented from issuing the Underwritten Securities within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any Government Authority; or
- (i) **future matters:** any statement or estimate in the Prospectus which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (j) **Withdrawal of consent to Prospectus:** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (k) **No Quotation Approval:** the Company fails to lodge an Appendix 2A with ASX in relation to the Underwritten Securities or any other appendices required to be lodged under the ASX Listing Rules with ASX within 7 days of the lodgement date in the timetable; or
- (l) **ASIC application:** an application is made by ASIC for an order under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, and that application has not been dismissed or withdrawn before 5.00pm on the Shortfall notice deadline date; or
- (m) **ASIC hearing:** ASIC gives notice of its intention to hold a hearing under Section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus (and that hearing has not occurred by 9.00am on the Settlement Date) or ASIC makes an interim or final stop order in relation to the Prospectus under Section 739 of the Corporations Act; or
- (n) **Takeovers Panel:** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company

are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect; or

- (o) **Authorisation:** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (p) **Indictable offence:** a director or senior manager of the Company or a subsidiary company of the Company (**Relevant Company**) is charged with an indictable offence; or
- (q) ***Hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by the percentage contemplated by para. (a) above;
- (r) ***Default:** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (s) ***Incorrect or untrue representation:** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
- (t) ***Contravention of constitution or Act:** a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (u) ***Adverse change:** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (v) ***Error in Due Diligence Results:** it transpires that any of the due diligence results or any part of the verification material was, misleading or deceptive, materially false or that there was a material omission from them;

- (w) ***Significant change:** a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (x) ***Public statements:** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules and/or the Corporations Act;
- (y) ***Misleading information:** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (z) ***Official Quotation qualified:** the ASX makes an official statement to the Company advising that it will not, or does not intend to, grant permission for the official quotation of the underwritten Securities;
- (aa) ***Change in Act or policy:** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement;
- (bb) ***Prescribed Occurrence:** a prescribed occurrence (including a restructure of the Company's share capital and an insolvency event) occurs, other than as disclosed in the Prospectus;
- (cc) ***Suspension of debt payments:** the Company suspends payment of its debts generally;
- (dd) ***Event of Insolvency:** an event of insolvency (as that term is defined in the Underwriting Agreement) occurs in respect of a Relevant Company;
- (ee) ***Judgment against a Relevant Company:** a judgment in an amount exceeding \$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (ff) ***Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced against any Relevant Company except as disclosed in the Prospectus;
- (gg) ***Board and senior management composition:** there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the underwritten Securities without the prior written consent of the Underwriter;

- (hh) ***Change in shareholdings:** there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (ii) ***Timetable:** there is a delay in any specified date in the timetable which is greater than 2 Business Days;
- (jj) ***Force Majeure:** a Force Majeure (as that term is defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (kk) ***Certain resolutions passed:** a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (ll) ***Capital Structure:** any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon exercise of Options, such Options having been disclosed to the ASX as at the date of this Agreement, the Placement, a proposed issue disclosed in the offer materials, an agreement announced to the ASX prior to the date of the Underwriting Agreement, an issue under an employee incentive scheme, a non-underwritten dividend reinvestment or a bonus share plan as disclosed to ASX in accordance with the Listing Rules prior to the date of the Underwriting Agreement;
- (mm) ***Breach of Material Contracts:** any of the Company's material contracts is terminated or substantially modified; or
- (nn) ***Market Conditions:** for more than one day a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

No event specified in any paragraph above marked with an asterisk (*) will entitle the Underwriter to exercise its rights to terminate its obligations under the Underwriting Agreement unless, in the reasonable opinion of the Underwriter reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Entitlement Offer or on the subsequent market for the underwritten Securities (including, without limitation, a material adverse effect on a decision of an investor to invest in underwritten Securities); or

Indemnity	(b) a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries taken as a whole.
	<p>The Company will indemnify and keep indemnified the Underwriter and its directors, officers, employees and agents (Related Parties) and hold them harmless from and against all prosecutions, losses (including loss of profit or losses or costs incurred in connection with any investigation, enquiry or hearing by ASIC, ASX or any Government Authority but excluding indirect, special or consequential losses), penalties, actions, suits, claims, costs (including legal costs on a solicitor-and-own-client basis), demands and proceedings (whether civil or criminal) (Liability) arising out of or in respect of:</p> <p>(a) non-compliance by the Company with or breach of any legal requirement or the Corporations Act or Listing Rules in relation to the Prospectus or any Supplementary Prospectus;</p> <p>(b) any advertising of the Offer (notwithstanding that the Underwriter may have consented to it) or any documents in respect of the Offer which accompany the Prospectus or any Supplementary Prospectus or otherwise arising out of the Offer;</p> <p>(c) any statement, misstatement, misrepresentation, non-disclosure, inaccuracy in or omission from the Prospectus or any Supplementary Prospectus, any advertising of the Offer or any documents in respect of the Offer which accompany the Prospectus or any Supplementary Prospectus; or</p> <p>(d) any breach or failure by the Company to observe any of the terms of this Agreement,</p> <p>except in relation to matters where the prosecution or losses or costs result primarily from any fraud, wilful misconduct, wilful default, negligence or recklessness on the part of the Underwriter or any Related Party.</p>

The Underwriting Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

6.3.2 JLM Engagement Letter

GBA Capital and Ord Minnett Limited have been appointed as joint lead managers for the Capital Raising pursuant to the JLM Engagement Letter, the material terms and conditions of which are summarised below:

Fees	<p>The fees (excluding GST) payable to the Joint Lead Managers are as follows:</p> <p>(a) a management and selling fee (excluding any applicable GST) of 6.0% of the Placement proceeds, which shall be split between the Joint Lead Managers as follows:</p>
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	(i)	in respect of the commitment from Brayter Limited under the Placement split fee on a 50/50 basis; and
	(ii)	the balance based on their respective allocations of funds under the Placement;
	(b)	an underwriting fee (excluding applicable GST) of 6.0% of the Entitlement Offer proceeds to GBA Capital, with this fee to be split between the Joint Lead Managers based on their respective total client sub-underwriting allocations for the Entitlement Offer;
	(c)	a shortfall placement fee (excluding applicable GST) of 6.0% of the total Proceeds raised from placing Shares (and Options) under the shortfall from the Entitlement Offer, with this fee to be split between the Joint Lead Managers based on their respective total client allocations of the shortfall Shares and Options;
	(d)	a cash success fee (excluding applicable GST) of 1.0% of the Capital Raising proceeds in the event the total proceeds exceed \$7 million, with this fee to be split between the Joint Lead Managers on a 50/50 basis; and
	(e)	the issue to the Joint Lead Managers of Options as follows with a purchase price of \$0.00001 per Option:
	(i)	that number of Options that is equal to 30% of the total quantum of Shares issued under the Placement, which shall be split between the Joint Lead Managers as follows:
	(A)	in respect of the commitment from Brayter Limited under the Placement, the Options split on a 50/50 basis; and
	(B)	in respect of the balance of the Placement proceeds – the Joint Lead Managers shall split these Options based on their respective allocations of funds under the Placement;
	(ii)	that number of Options that is equal to 30% of the total quantum of Shares underwritten under the Entitlement Offer, with these Options to be split between the Joint Lead Managers based on their respective total sub-underwriting allocations for the Entitlement Offer;
	(iii)	a further 2.5 million Options to GBA Capital in consideration for the Underwriting; and
	(iv)	that number of Options that is equal to 30% of the total quantum of Shares issued under the shortfall from the Entitlement Offer, with this fee to be split between the Joint Lead Managers based on their respective total client allocations of the shortfall Shares.

	<p>The issue of the Options set out above to the Joint Lead Managers shall be subject to Shareholders approving the issue of those Options in a general meeting. If that Shareholder approval is not obtained within three months of the date of the JLM Engagement Letter, the Company must pay to the Joint Lead Managers a cash equivalent fee based on valuing the Options using the Black Scholes option valuation model (using a volatility of 100%).</p>
Reimbursement of Expenses	<p>The Company agrees to reimburse the Joint Lead Managers for all reasonable out-of-pocket expenses (including any applicable GST) incurred by the Joint Lead Managers in connection with the engagement and the Capital Raising (whether or not the Capital Raising proceeds) including: (a) marketing and communication costs; (b) printing, couriers, postage and other distribution costs; and (c) travel and accommodation expenses.</p> <p>For any individual expense exceeding \$1,000 the Joint Lead Managers will seek prior approval from the Company. In this regard, the Company approves the Joint Lead Managers incurring legal fees of up to \$20,000 (plus GST and disbursements) in relation to the Joint Lead Managers' legal fees relating to or incidental to the Capital Raising.</p>
Indemnity	<p>The Company will take full responsibility for the contents and the issue of any offer documentation. The Company indemnifies, on an after tax basis, the Joint Lead Managers, their related bodies corporate and their officers, employees, agents and advisers (each an Indemnified Party), and must keep each Indemnified Party indemnified against all liability, loss, costs, damages, claims, action, proceeding, charges and expenses of whatever nature and in whatever jurisdiction, arising from, incurred in connection with or which refer or relate to or arise directly or indirectly from:</p> <ul style="list-style-type: none"> (a) the provision of the lead manager services or the Offer; (b) the issue of the offer documentation or the proposed allotment or issue of securities by the Company; (c) any statement in the offer documentation that is false or misleading, or any omission from the offer documentation; (d) any conduct by an employee, officer or director of the Company in connection with the issue of the offer documentation or proposed allotment or issue of securities by the Company; or (e) any conduct by a person that was engaged by the Company in contravention of a provision of Part 7.10 of the Corporations Act or any other applicable law in connection with the offer documentation prospectus or the proposed allotment or issue of securities by the Company.

The JLM Engagement Letter otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

6.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

Security holdings

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 1.5.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration paid to both executive and non-executive Directors in the financial years ended 2024 and 2023, as disclosed in the Company's 2024 Annual Report, and the proposed remuneration for the financial year ending 30 June 2025.

Director	Year	Salary and fees ¹ \$	Super-annuation \$	Share based payments Options \$	Total \$
Peter Pawlowitsch	2024/2025 ²	-	17,250	150,000	167,250
	2023/2024	-	14,250	111,650	125,900
	2022/2023	89,186	9,643	413,200	511,750
Peter Cook	2024/2025 ^{2,3}	149,555	25,798	74,777	250,130
	2023/2024	149,726	20,728	228,755	399,209
	2022/2023	358,547	14,250	826,400	1,199,197
Kenneth Lai	2024/2025 ²	-	-	65,700	65,700
	2023/2024	-	-	96,723	96,723
	2022/2023	-	-	275,467	275,467
Killian Murphy	2024/2025 ²	-	8,625	75,000	83,625
	2023/2024	-	7,125	53,618	60,743
	2022/2023	20,736	2,178	275,467	298,381

Notes:

1. Denotes cash payments.
2. Estimates for this period, comprising salary/fees and superannuation.
3. Peter Cook has agreed the Company will defer payment of his cash salary until FY26 as the Company aims to become operating cash flow positive. The amount of cash salary Mr Cook is due is being accrued and the balance as at 30 September 2024 is \$37,389.

6.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offers; or
- the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

GBA Capital has acted as the joint lead manager and underwriter of the Entitlement Offer. The Company will pay GBA Capital the fees set out in Section 6.4.

Ord Minnett has acted as the joint lead manager of the Entitlement Offer. The Company will pay Ord Minnett the fees set out in Section 6.4.

Milcor Legal has acted as legal advisor to the Company in relation to the Offers (excluding in relation to taxation and stamp duty matters). The Company has paid or agreed to pay Milcor Legal approximately \$35,000 (excluding GST and disbursements) for these services up until the date of the Prospectus. Further amounts may be paid to Milcor Legal in accordance with its time-based charge-out rates.

6.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

GBA Capital Pty Ltd has given its written consent to being named as joint lead manager and underwriter to the Entitlement Offer in this Prospectus. GBA Capital Pty Ltd (including its related entities) has a relevant interest in 1,807,500 Shares, representing approximately 0.4% of issued Shares as at the date of this Prospectus.

Ord Minnett Limited has given its written consent to being named as joint lead manager to the Entitlement Offer in this Prospectus. Ord Minnett Limited (including its related entities) has a relevant interest in 2,485,111 Shares, representing approximately 0.6% of issued Shares as at the date of this Prospectus.

Milcor Legal has given its written consent to being named as the solicitors to the Company in this Prospectus.

6.7 Expenses of the Offers

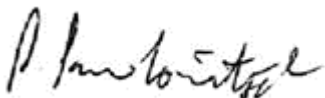
Based on Full Subscription, the total expenses of the Offers are estimated to be up to approximately \$759,089 (excluding GST) and are expected to be applied towards the items set out in the table below:

	Minimum Subscription \$	Maximum Subscription \$
Underwriting and Joint Lead Manager fees	\$492,240	\$660,987
Legal fees	\$35,000	\$35,000
ASIC, Share Registry and others	\$54,609	\$63,102
Total	\$581,849	\$759,089

7. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'P. Pawlowitsch', written in a cursive style.

Peter Pawlowitsch
Chairman and Non-Executive Director

24 October 2024

8. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

2024 AGM has the meaning given in Section 1.2.

AEDT means Australian Eastern Daylight Time as observed in Melbourne, Victoria.

Application Form means an Entitlement and Acceptance Form, Shortfall Application Form or application form to the Broker Options Offer, as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Attaching Options has the meaning given in Section 2.2 and on the terms and conditions set out in Section 4.2.

Board means the board of Directors unless the context indicates otherwise.

Broker Options has the meaning given in Section 2.3 and on the terms and conditions set out in Section 4.2.

Broker Options Offer means an offer of Broker Options to the Underwriter and the Joint Lead Managers (or their nominee/s) under this Prospectus.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Capital Raising has the meaning given in Section 1.2.

Closing Date means the date specified in the timetable set out at Section 1 (unless extended).

Company means Novatti Group Limited (ACN 606 556 183).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

CRN means Customer Reference Number in relation to BPAY®.

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder as at the Record Date who is eligible to participate in the Entitlement Offer other than an Ineligible Shareholder.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus in respect of the Entitlement Offer.

Entitlement Offer means the pro-rata non-renounceable entitlement offer of one (1) Share for every three (3) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.04 per Share together with one (1) free Attaching Options, for every one (1) Share subscribed for and issued under this Prospectus.

Exercise Price means the exercise price of the Attaching Options and Broker Options, being \$0.064.

Full Subscription means the full subscription of \$5,418,173 under the Entitlement Offer.

Group has the meaning given in Section 5.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia and New Zealand.

JLM Engagement Letter has the meaning given in Section 1.7.

Joint Lead Managers means GBA Capital Pty Ltd (ACN 643 039 123) and Ord Minnett Limited (ABN 86 002 733 048).

New Option means Option offered under this Prospectus.

Notes has the meaning given in Section 2.5.

Noteholder means a registered holder of Notes.

Noteholder Incentive Options has the meaning given in Section 2.5 and on the terms and conditions set out in Section 4.2.

Noteholder Incentive Options Offer has the meaning given in Section 1.2.

Offers means the Entitlement Offer and the Broker Options Offer.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Placement has the meaning given in Section 1.2.

Placement Options has the meaning given in Section 2.4.

Placement Options Offer has the meaning given in Section 1.2.

Placement Participant has the meaning given in Section 2.1.

Placement Shares has the meaning given in Section 2.1.

Presentation means the investor presentation annexed to this Prospectus, which forms part of this Prospectus.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at Section 1.

Section means a section of this Prospectus.

Securities means Shares and/or Options as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Securities not applied for under the Entitlement Offer (if any).

Shortfall Application Form means the Shortfall Offer application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall Securities on the terms and conditions set out in Section 2.6.5.

Shortfall Securities means those Securities not applied for under the Entitlement Offer (if any) and offered pursuant to the Shortfall Offer.

Sub-Underwriters means the person/s sub-underwriting the Entitlement Offer.

Tranche 1 has the meaning given in Section 2.1.

Tranche 1 Shares has the meaning given in Section 2.1.

Tranche 2 has the meaning given in Section 2.1.

Tranche 2 Shares has the meaning given in Section 2.1.

Underwriter or GBA Capital means GBA Capital Pty Ltd (ACN 643 039 123).

Annexure – Investor Presentation



Novatti Group Limited

(ASX:NOV)

Investor Presentation

October 2024

Novatti

Important Information

This investor presentation is dated 24 October 2024 and has been prepared by Novatti Group Limited (ACN 606 556 183) (**Novatti** or the **Company**). By attending an investor presentation or briefing, or accepting, accessing or reviewing this presentation, you acknowledge and agree to the terms set out below.

This presentation has been prepared in relation to a pro rata non-renounceable entitlement offer of ordinary shares (**New Shares**) to be made to eligible shareholders of Novatti (**Entitlement Offer**) and a two tranche placement of New Shares to professional and sophisticated investors (**Placement**), in each case with a free-attaching option on a 1:1 basis (together, the **Offer**) under a transaction specific prospectus (**Prospectus**) in accordance with section 713 of the Corporations Act 2001 (Cth).

The distribution of this presentation in jurisdictions outside of Australia may be restricted by law and any such restriction should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Summary information

This presentation is for information purposes only and is a summary only. It should be read in conjunction with the Prospectus, Novatti's most recent financial reports (including its FY24 Annual Report) and Novatti's other periodic and continuous disclosure information lodged with the Australian Securities Exchange (ASX), which is available at www.asx.com.au. The content of this presentation is provided as at the date of this presentation (unless otherwise stated). To the maximum extent permitted by law, reliance should not be placed on information or opinions contained in this presentation and, subject only to any legal obligation to do so, Novatti does not have any obligation to correct or update the content of this presentation.

Certain market and industry data used in this presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither Novatti nor its advisers or representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

Not financial product advice or offer

This presentation does not, and does not purport to, contain all information necessary to make an investment decision, is not intended as investment or financial advice (nor tax, accounting or legal advice), must not be relied upon as such and does not and will not form any part of any contract or commitment for the acquisition of New Securities. Any decision to buy or sell securities or other products should be made only after seeking appropriate financial advice.

This presentation is of a general nature and does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. Any investment decision should be made solely on the basis of your own enquiries. Before making an investment decision in respect of Novatti, you should make your own enquiries and consider whether such an investment is appropriate to your particular investment objectives, financial situation or needs. Novatti is not licensed to provide financial product advice in respect of its securities.

This presentation is for information purposes only and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with ASIC or any other foreign regulator).

You should carefully read and consider the Prospectus in full and seek advice from your financial, tax, legal or other professional advisor before deciding to participate in the Offer. Anyone who wishes to apply for New Shares under the Offer will need to complete the application form in or accompanying the Prospectus during the offer period.

The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This presentation does not constitute an invitation or offer of securities for subscription, purchase or sale in the United States of America or any other jurisdiction in which such an offer would be illegal. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States of America and may not be offered or sold, directly or indirectly, in the United States of America or to any person acting for the account or benefit of a person in the United States of America unless the securities have been registered under the Securities Act (which Novatti has no obligation to do or procure) or are offered and sold in an acquisition exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

Investment risk

An investment in Novatti securities is subject to known and unknown risks, some of which are beyond the control of Novatti and its directors and officers. Novatti does not guarantee any particular rate of return or the performance of Novatti, nor does it guarantee any particular tax treatment. You should have regard to the risk factors outlined in 'Key Risks' section of this presentation when making your investment decision. Cooling off rights do not apply to the acquisition of the New Securities.

Financial information

All financial information in this presentation is in Australian Dollars (\$) or AUD unless otherwise stated. This presentation includes certain pro forma financial information. The pro forma financial information provided in this presentation is for illustrative purposes only and is not represented as being indicative of Novatti's views on its, nor anyone else's, future financial position and/or performance. The pro forma financial information has been prepared by Novatti in accordance with the measurement and recognition principles, but not the disclosure requirements, prescribed by the Australian Accounting Standards (**AAS**). In addition, the pro forma financial information in this presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission, and such information does not purport to comply with Article 3-05 of Regulation S-X.

Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under AAS and International Financial Reporting Standards (**IFRS**). Such non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although Novatti believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this presentation.

Certain figures, amounts, percentages, estimates, calculations of value and fractions provided in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

Important Information (cont.)

Past performance

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Future performance and forward-looking statements

This presentation contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions that involve risks and uncertainties are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Novatti, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and geopolitical tensions, including the conflicts in Ukraine and the Middle East.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Novatti's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of Novatti, its representatives or advisers assumes any obligation to update these forward-looking statements.

No representation or warranty, express or implied, is made in this presentation as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this presentation. The forward-looking statements are based on information available to Novatti as at the date of this presentation. Except as required by law or regulation (including the ASX Listing Rules), none of Novatti, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Disclaimer

The Offer is partially underwritten by GBA Capital Pty Ltd (**GBA Capital**). GBA Capital and Ord Minnett Limited (**Ord Minnett**) are joint lead managers to the Offer (GBA Capital and Ord Minnett together, the **Joint Lead Managers**).

The underwriting agreement contains obligations for GBA Capital to fully underwrite the Offer. A summary of the key terms of the underwriting agreement between Novatti and the Joint Lead Managers is provided in the Appendix of this presentation.

To the maximum extent permitted by law, Novatti, each Joint Lead Manager and each of their respective related bodies corporate, shareholders and affiliates, and each of their respective officers, directors, partners, employees, representatives, affiliates, agents, consultants and advisers (together, the **Beneficiaries**):

- expressly disclaim any and all responsibility and liability (including, without limitation, any liability arising from negligence or negligent misstatement) for any direct, indirect, consequential or contingent loss, damage, expense or cost incurred by you arising from this presentation or reliance on anything contained in or omitted from it or otherwise arising in connection with this presentation;
- disclaim any obligations or undertaking to release any updates or revisions to the information in this presentation to reflect any change in expectations or assumptions; and
- do not make any representation or warranty, express or implied, in this presentation as to the accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this presentation or that this presentation contains all material information about Novatti or that a prospective investor or purchaser may require in evaluating a possible investment in Novatti or acquisition of securities in Novatti, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement.

You acknowledge and agree that determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal requirements and the discretion of Novatti and the Joint Lead Managers and each of Novatti and the Joint Lead Managers and each of their respective Beneficiaries disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.



Our Mission

*To be the leading
Australasian Total Payment
Solutions **Provider***

*To generate
free cash flow for shareholders*

Transitioning to a focused **growth model**

New leadership successfully implemented cost reductions, asset sales and business streamlining

SUBSTANTIAL PROGRESS MADE



Leadership

- June 2023 - new CEO, Mark Healy, appointed, bringing extensive sector experience



Asset Sales

- November 2023 - sale of Reckon Ltd (ASX: RKN) shares for \$8.9m
- July 2024 - sale of International Bank of Australia (IBoA) for \$2.9m



Cost Savings

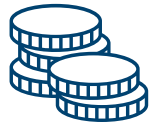
- March 2024 - \$4.0 annualised cost savings implemented
- July 2024 - \$3.0m annualised cost savings implemented by end of Q4 FY24
- H2 2024 - additional annualised cost savings to be implemented



Streamlined Business

- Merged Australia and New Zealand payments businesses
- Exiting complex services (Cross Border Affiliates)
- Consolidating merchant onboarding

Transition underway to positive cashflow



COST REDUCTIONS

- More to be implemented in FY25



STRATEGIC PARTNERSHIPS

- Provide volume and operating leverage over existing fixed cost base



ASSET SALES

- Identified non-core assets to be sold



CAPITAL MANAGEMENT

- Any surplus capital from asset sales creates potential surplus capital management options



POSITIVE CASHFLOW AND GROSS MARGIN EXPANSION

- January 2025 – target monthly positive operating cashflow¹
- H1 2025 – target positive operating cashflow for the half-year ending June 2025

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Competitive advantage is Total Payment Solutions


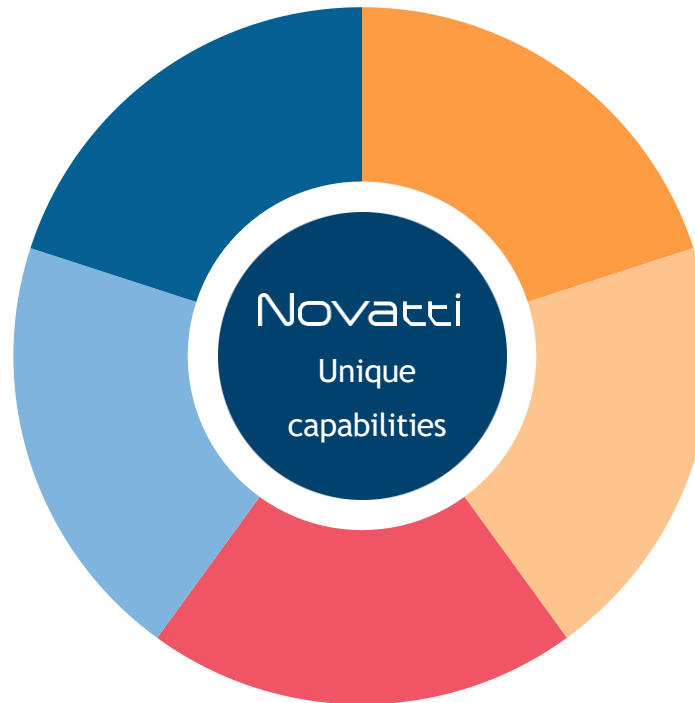
A full payments stack and ability to offer E2E solutions for customers



Acquiring
Omni-channel payment acceptance for merchants: online, embedded and in-store



China Payments & Novatti BillPay
Payment processing via Asian Wallets (Alipay, WeChatPay, UnionPay)



Account Based Payments
Domestic pay by bank processing (direct debit and real time)



Issuing
Visa prepaid, debit and gift cards, digital wallets and program management



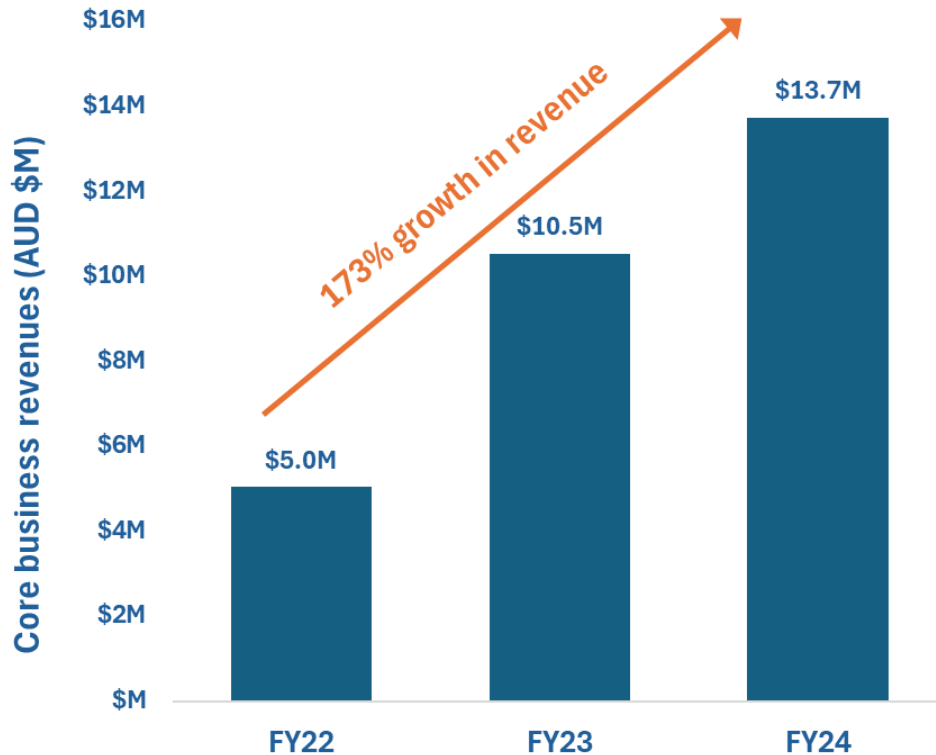
Cross Border Payments
Global currency accounts and international transfer payments network in 30+ currencies

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Growing core business

Focus on growing core business of **total payments solutions across AU/NZ**

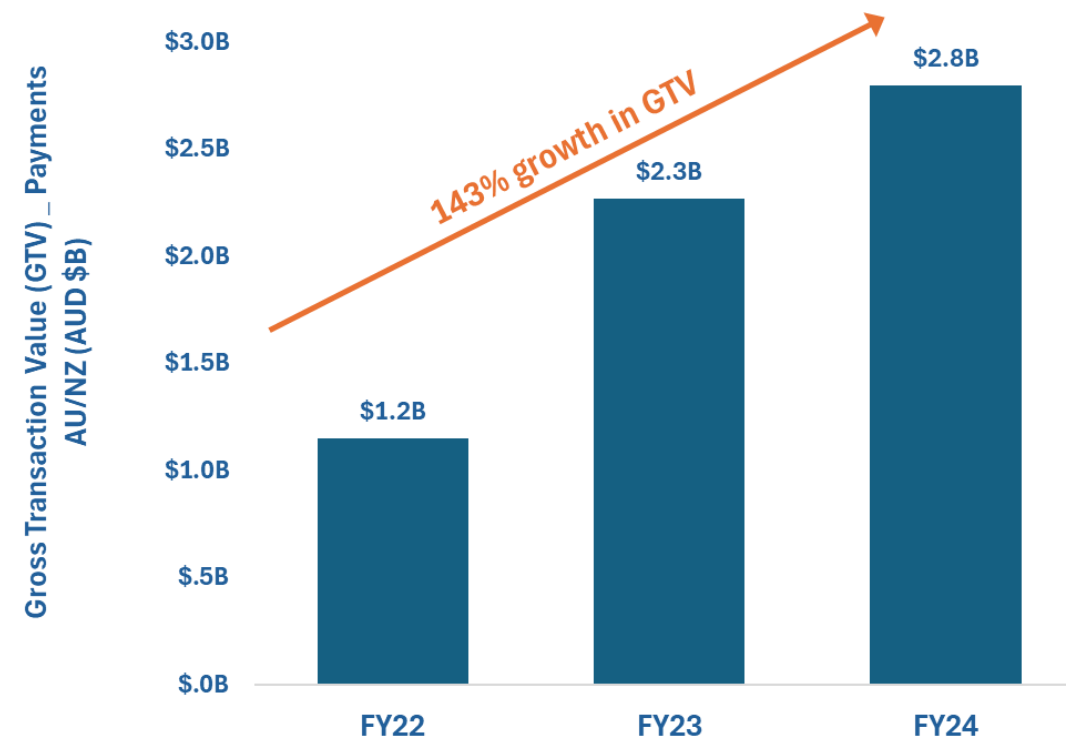
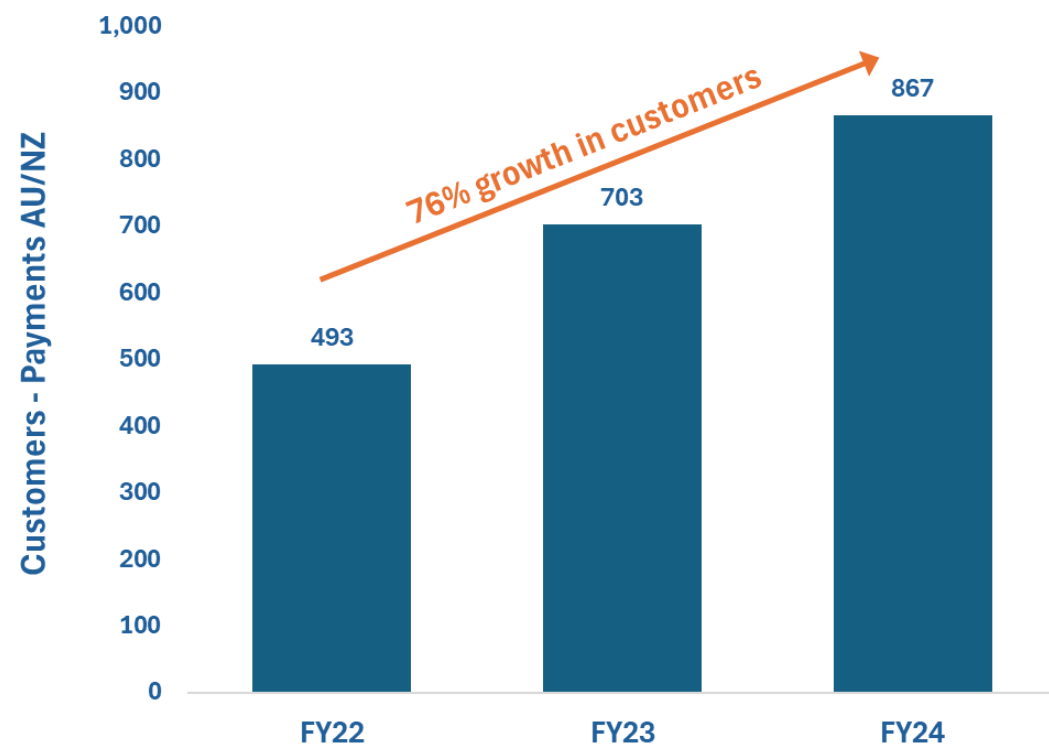
CORE BUSINESS REVENUES (\$M)



- Core business includes: Acquiring, Issuing, Cross Border, Account Based Payments, ChinaPayments, NovattiBillPay
- \$13.7m core business revenue
- 173% revenue growth in 2 years
- 65% compound annual growth rate (CAGR) FY22 – FY24

Growing core business

Driven by strong growth in **customers** and **gross transaction value (GTV)**



Driving higher margins and volumes

Core business 700bps increase in gross margin from 37% (FY23) to 44% (FY24) - target of 70%+ FY27

Target verticals



Education



Real Estate



Health



Target Customers

- Medium sized companies
- Software providers



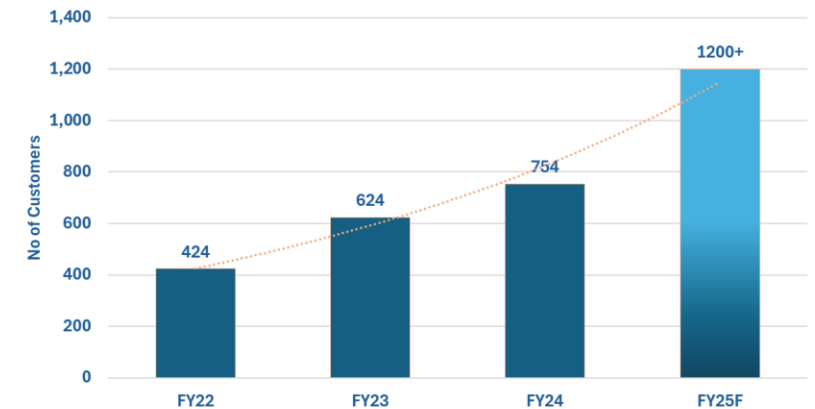
Successful early results

- 21% increase in merchant customers using Novatti in FY24
- Pipeline of 500+ merchants to be onboarded through FY25

Strategic Partnerships

- Software distributors provide strong growth options, with integration to key verticals, and payments a revenue generator
- Channel partner approach
- Acquiring as key entry point to offer wider solutions
- Asian Wallet payments



Total Customers (Merchant Acceptance)



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Sale of Non-Core Assets

Core focus on **total payment solutions** in AU/NZ with sale of non-core assets ongoing

	Core Focus	Non-Core		
	<div> <div>\$=</div> <div> Payments AU/NZ Acquiring Issuing Cross Border Account Based Payments China Payments Bill Payments </div> </div>	<div> <div>  </div> <div> Payments International Alternate Payments ATX </div> </div>	<div> <div>\$</div> <div> Technology Solutions Basis 2 Emersion Enterprise Software </div> </div>	<div> <div>  </div> <div> Investments AUDD (Investments will be self funded moving forward) </div> </div>
TTM Revenue (FY24)	\$13.7m	\$22.2m	\$5.8m	
Gross Margin (FY24)	\$6.0m	\$5.3m	\$5.5m	

FY24 – Turnaround impact clear

\$42.9m

FY24 revenue
– new record

+10%

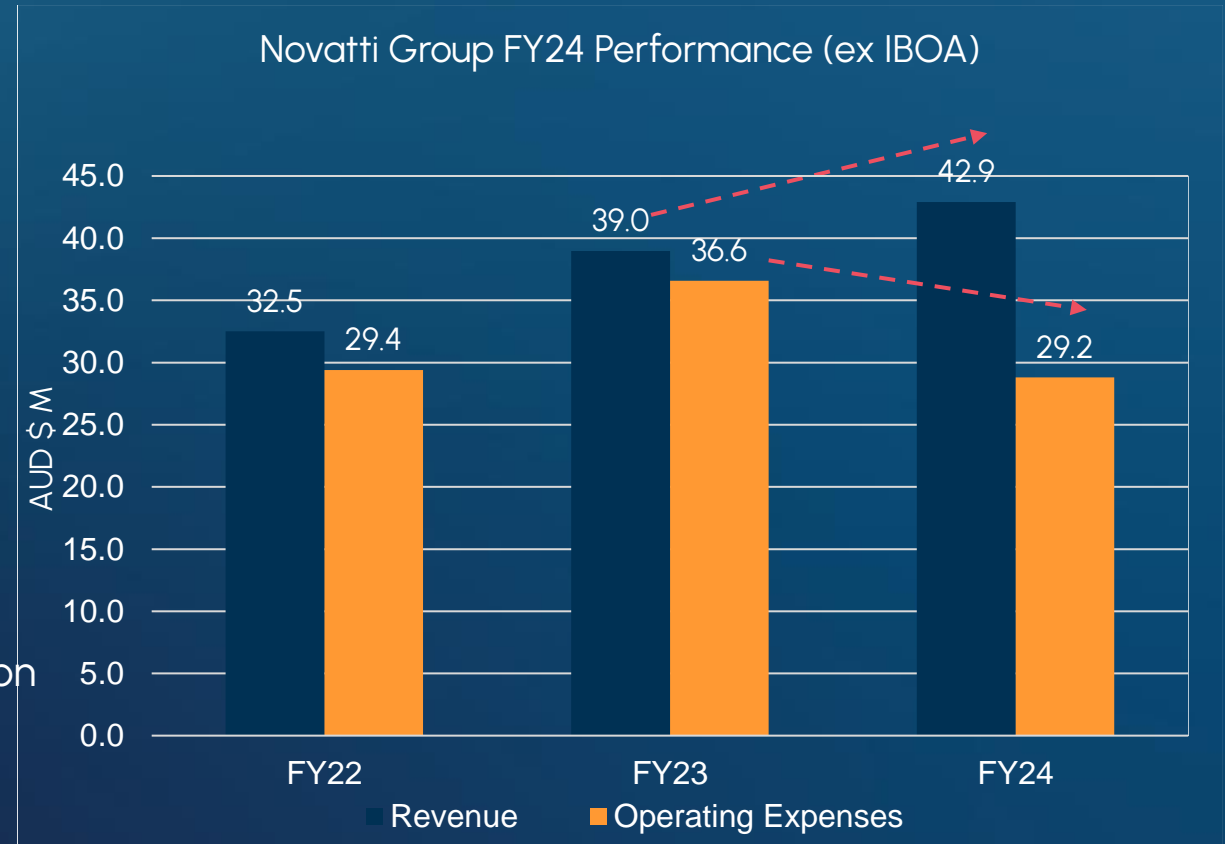
Increase
in annual
revenue

-20%

Decrease in annual
operating expenses
(ex IBOA)¹

-54%

Q4 YoY cash
consumption reduction



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Outlook and Key Catalysts

Novatti expects to announce ongoing milestones as the company transforms to the leading Australasian **total payment solutions provider** and start to generate **growing free cashflow for shareholders**



Notes: (1) Operating cashflow as measured by cash EBITDA.

Key Investment Considerations

A simplification strategy with multiple levers is driving operational and financial improvement

1. Simplified vision to create a focused payment solutions business with a clear strategy to streamline operations and drive sustainable growth

2. New management team in place with proven a track record of scaling payments companies and demonstrating execution discipline

3. Streamlined portfolio focusing on core Payments AU/NZ division with sale processes underway for non-core assets and self funding arrangements for investments (AUDD)

4. Record revenue achieved in FY24, with a focus on high margin sales expected to drive expansion in gross margin to 70%+ by FY27

5. Cost reduction plan on track with \$7 million in annualised costs removed from the Company to date and further reductions planned in Q2 FY25

6. Clear pathway to positive operating cashflow¹ in January 2025 underpinned by an optimised cost base, growing revenues and gross margin expansion

**New and
Simplified
Novatti**

Notes: (1) Operating cashflow as measured by cash EBITDA.

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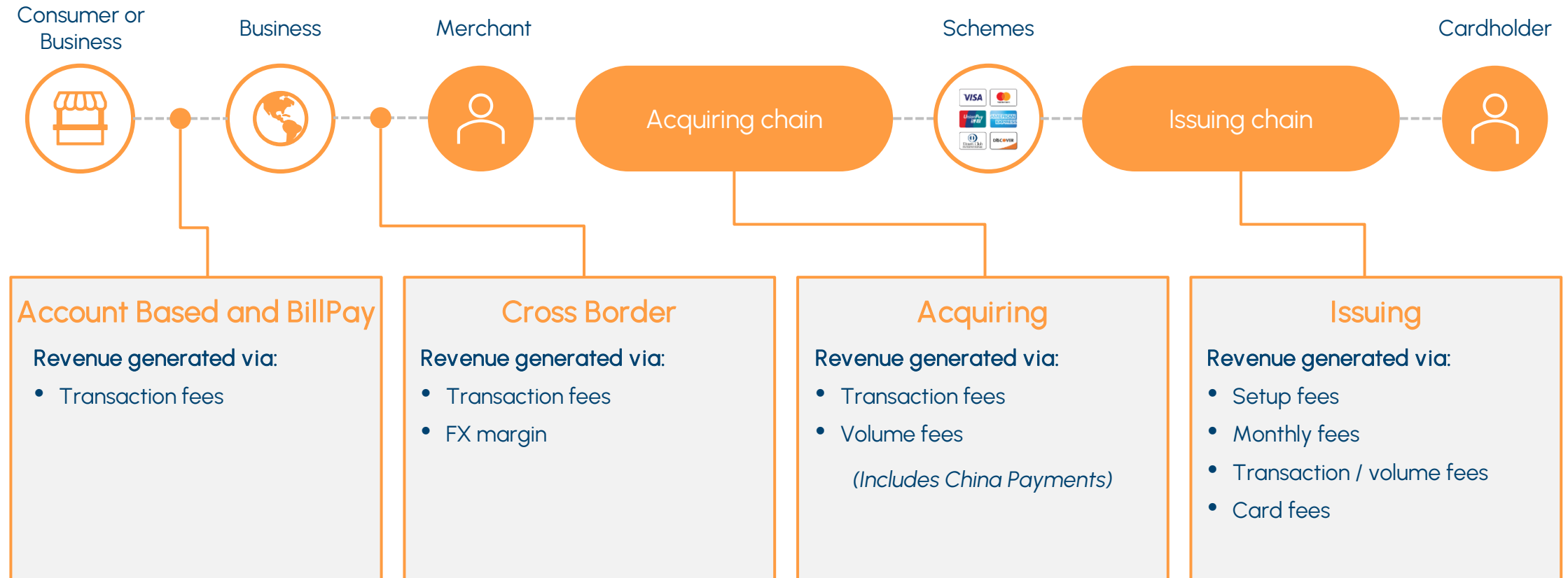


Appendices

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Payments AU/NZ - Revenue Model

Novatti generates revenue from multiple different stages of the electronic payment value chain



Payments AU/NZ - FY24 Performance

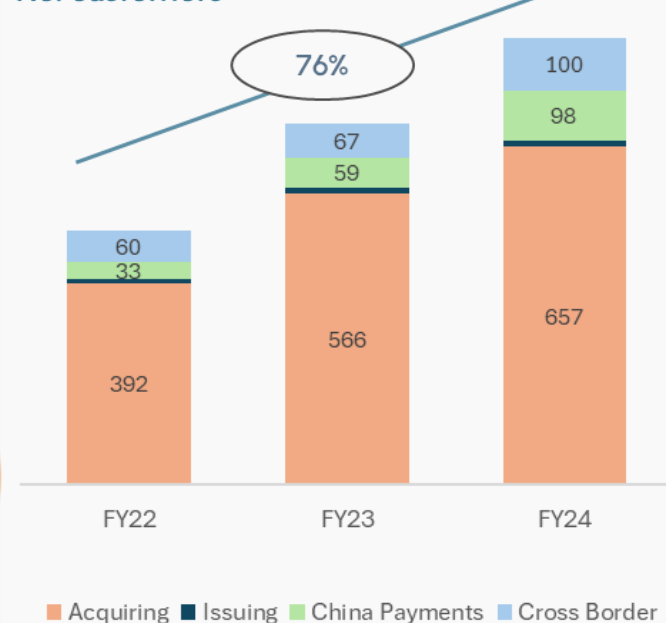
Streamlined operations and refocused marketing efforts

Target customer attributes with tailored solutions

Customer and GTV growth drives revenue growth

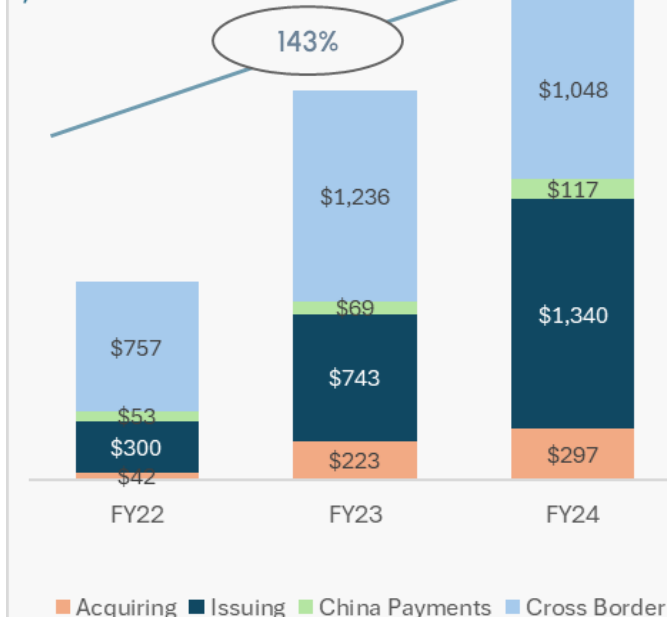
Customers - Payments AU/NZ

No. customers



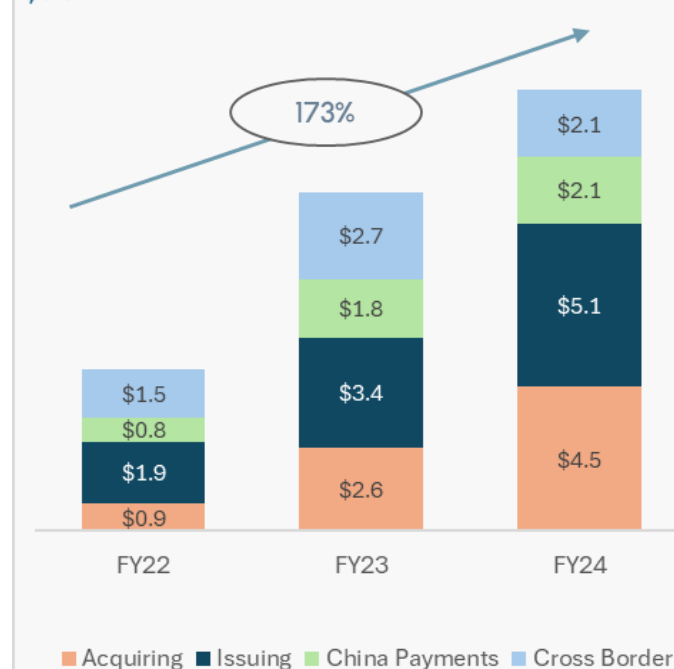
Gross Transaction Value - Payments AU/NZ

\$M



Revenue - Payments AU/NZ

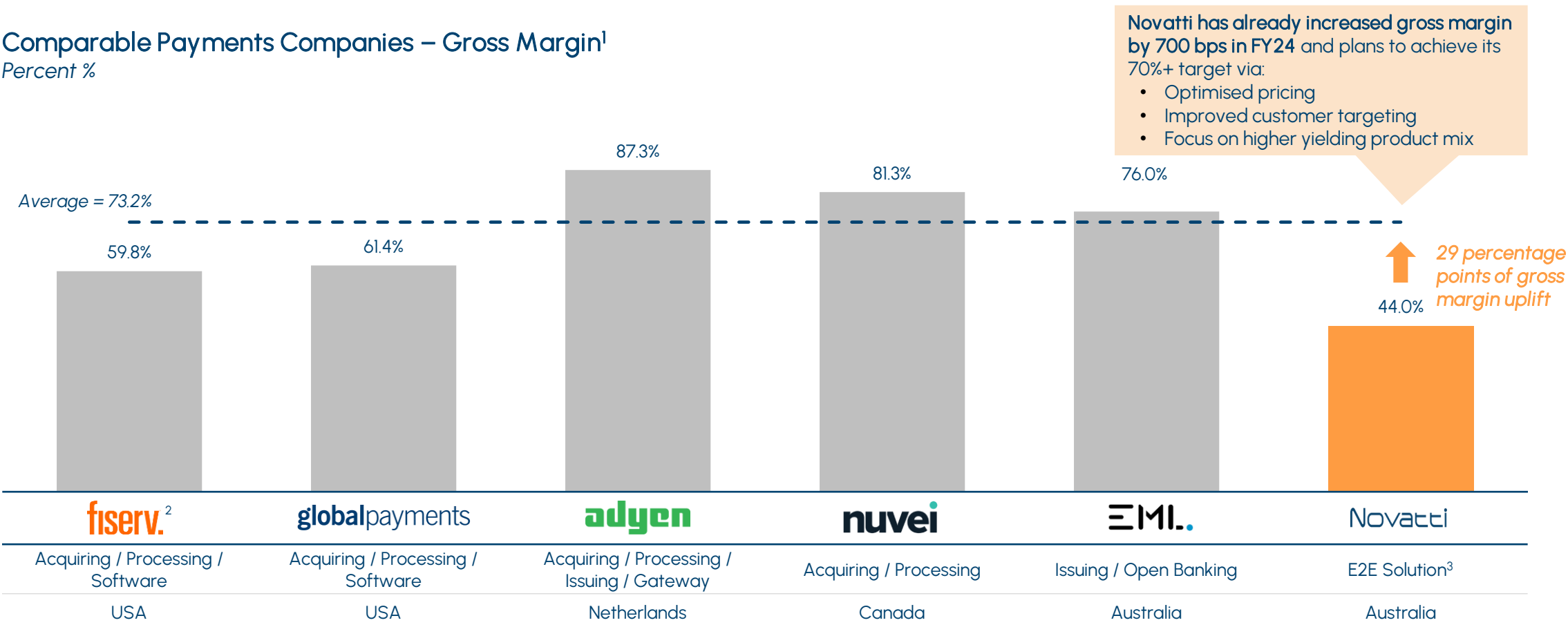
\$M



Payments AU/NZ - Gross Margin Upside

There is significant gross margin upside apparent as Novatti continues to execute on its strategy to drive gross margin up in line with industry averages, targeting 70%+ gross margin by the end of FY27

Comparable Payments Companies – Gross Margin¹ Percent %



Notes: (1) Gross margin as reported in FY24 Annual Report. Novatti's gross margin shown is for its core Payments AU/NZ division for FY24. (2) Fiserv's gross margin is a blended average of the business's two revenue types (processing and services revenue and product revenue). (3) Novatti's E2E solution includes the Acquiring, Processing and Issuing domains.



Risks

Novatti

Key Risks

This section includes details of the key risks attaching to an investment in securities in the Company and its subsidiaries (**Group**). These risks may affect the future operating and financial performance of the Company and the value its securities. The key risks are not set out in any particular order and are not exhaustive. Before deciding whether to invest in Novatti securities, you should consider whether such an investment is suitable for you having regard to publicly available information (including this presentation), your personal circumstances and following consultation with a financial or other professional adviser. Additional risks and uncertainties that the Company is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the Company's operating and financial performance.

You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of the Company, its directors and senior management. Further, you should note that this section focuses on the potential key risks and does not purport to list every risk that the Company may have now or in the future. It is also important to note that there can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements or forecasts contained in this presentation will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances, and taxation position.

Specific risks

(a) Going Concern

The last set of financial statements the Company issued were for the period ended 30 June 2024 which were prepared on the basis that the entity is a going concern, and contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. The Group recorded revenue of \$42.9m, a net loss after tax of \$20.6m and incurred net cash outflows from operating activities of \$13.4m. The Company has continued to be loss making since that date.

The Group's ability to continue as a going concern is dependent upon its ability to generate positive cashflow from its business operations which is targeted in early calendar year 2025. These matters indicate that a material uncertainty exists that may cast significant doubt

about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- the Company's directors are planning for the business to reduce net operating cash outflows during the 2024/25 financial year by increasing cash receipts from customers and further reducing costs in order to work towards positive future operating cash flow;
- the Group owns a number of investments that the Group can potentially sell;
- the Company has historically demonstrated its ability to raise funds to satisfy its cash requirements;
- Group management is actively considering the future capital requirements of the entity and will consider all funding options as required;
- the Company's directors are able and willing to defer amounts owed to them in cash or settle outstanding obligations, including director fees, in equity instruments (subject to shareholder approval if applicable) until such time as the Group has sufficient working capital to settle the obligations in cash;
- the Group is undertaking a simplification strategy to extract more value from existing resources rather than adding extra cost and has the ability to scale back certain activities that are non-essential to existing customers so as to conserve cash; and
- post 30 June 2024, the Group divested 100% of its remaining interest in IBOA Group Holdings Pty Ltd, raising \$2.87million in cash. The directors may consider, if required, the sale or dilution of the Group's interest in other non-core business assets.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The above-mentioned financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Key Risks (cont.)

(b) Regulatory and licensing risk

The Company operates in a complex regulatory environment and in jurisdictions that have varying degrees of enactment and implementation of regulations.

The financial services sector in Australia and other markets in which the Company operates are subject to stringent and complex regulations. A failure to comply with financial license conditions, or related regulatory requirements including KYC and AML, may adversely affect the Company and its business units.

In addition, changes to the regulations themselves or the way such regulations are interpreted, implemented or enforced may affect the Company's platforms or products in those jurisdictions or the ability of the Company or its partners to conduct business in those jurisdictions.

(c) Growth and Profitability

The Company continues to trade in a loss-making position, incurring operating cash outflows as it strives to achieve positive operating cashflows through continued growth alongside organizational restructuring and refactoring operating costs.

The Company's future growth and profitability is dependent on continuing to increase the usage of its products, particularly in the focus area of Payments AU/NZ. Its key strengths are the strong market and domain knowledge of payments, flexible approaches to value exchange, and the breadth of payments capabilities to drive tailored solutions into new target verticals.

A failure to continue to innovate and add new functionality to its platforms, and to operate its platforms at a standard that will retain clients and attract new clients could lead to customers not renewing their engagement with the Company, which could adversely impact the Company's financial performance and/or operations. If the Company is not able to grow revenues and cash receipts, reduce operating costs or obtain additional financing as needed, it may be required to reduce the scope of its operations and may be prevented from progressing the commercialisation of its technology.

(d) Reliance on key suppliers and third party platforms

The Company relies on a range of third party vendors and suppliers to deliver services to customers in a range of markets, including white labelled platforms, onboarding, processing,

transaction facilitation, distribution and banking facilities. The Company expects there is a need to transition away from at two key platform providers in the near term, which will involve execution and customer migration risks. In some cases, limited alternatives are in place or implementing alternatives may involve significant time and cost. If single suppliers were to discontinue operations, adjust their risk appetite or otherwise restrict services, the Company may need to limit the scope of operations, discontinue certain products or withdraw from certain markets.

The Company's products and services are intended for use across a number of internet access platforms, mobile and desktop devices and software operating systems. The Company depends on the ability of its products and services to operate on such platforms, devices and operating systems however it cannot control the maintenance, upkeep and continued supply of effective service from external suppliers in these areas. Any changes in such platforms, operating systems or devices that adversely affect the functionality of the Company's products and services or give preferential treatment to competitive products and services could adversely affect usage of the Company's products and services.

(e) Reliance on access to and confidence in telecommunications and internet

In some instances, the Company will depend on the ability of clients and their customers to access a deployed solution over telecommunications and internet access and to remain confident processing financial transactions online.

A failure of telecommunications networks could severely impact the Company's ability to deliver its services, and there may be a loss of confidence in the Company's products that may negatively impact ongoing revenue and sales.

(f) Ability to run effective and reliable financial and payments systems

The Company develops, deploys, maintains and operates financial and payments systems technology. There is little tolerance for error or downtime in such systems and the Company must maintain effective and reliable system performance for all customers. Should the Company experience significant and unanticipated errors and downtime, there may be a loss of confidence in the Company's products that may negatively impact ongoing revenue and sales.

Key Risks (cont.)

(g) Operational risk

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events which affect the Company's business.

The Company is exposed to operational risks such as external and internal fraud, processing errors, system or hardware failure and failure of information security systems. Loss from operational risk events could divert investment from new products into remediation of existing systems and processes, damage client relations or our reputation, adversely affect the Company's financial results or position, as well as divert staff away from their core roles to remediation activity. In addition, losses could include legal or remediation costs and loss of property and/or information.

(h) Reliance on key senior staff

The Company's operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations.

(i) Reliance on continual product development

The Company's ability to grow the use of its products and generate revenue will depend in part on its ability to continue to innovate and develop features for existing products and additional products. A failure of innovation and product development could lead to a loss of confidence in the Company's products that may negatively impact ongoing revenue and sales.

(j) Competition

The Company competes with other organisations and businesses, many of which have greater financial and other resources than the Company. As a result, they may be in a better position to compete for future business opportunities and adversely impact upon the Company's ability to make sales and earn revenue.

(k) Changes in technology

The Company's success will depend, in part, on its ability to expand its products and grow its business in response to changing technologies, client adoption and end consumer behaviour. Further, the cost of responding to changing technologies is unpredictable and may impact the Company's profitability or, if such cost is prohibitive, may reduce the Company's capacity to expand or maintain its business.

(l) Data loss, theft or corruption

The Company, its hosting providers, and networks are required to adhere to their own and service provider's security and compliance standards. If adequate safeguards and measures to mitigate breaches are not provided and maintained, it could negatively impact upon the Company's reputation, revenue and profitability. If the Company's security measures are breached, or if its products are subject to cyber-attacks that expose or restrict customer access to the platform or their data, its solutions may be perceived as less secure than competitors and customers may stop using the Company's products.

(m) Liquidity and realisation risk

There can be no guarantee that an active market in the Company's securities will be maintained or that the price of its securities will increase.

The Company may experience relatively few buyers and/or sellers at any given time and this may restrict the ability to trade in securities and increase the volatility of their market price.

(n) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and further debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or scale back its product or market development.

Key Risks (cont.)

(o) Potential acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(p) International business risks

The Company has global operations. Businesses that operate across multiple jurisdictions face additional complexities from the unique business requirements in each jurisdiction. Wherever the Company sets up operations it is exposed to a range of political and multi-jurisdictional risks such as risks relating to labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal regime (including in relation to financial services regulation, taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which the Company operates.

(q) Sustainability and climate change risk

Environmental, Social and Governance (or ESG) risks are becoming increasingly relevant to all businesses. The possible effects of climate change may impact the prosperity of economies, environments and societies all around the world.

Though the Company's operations are not subject to any particular and significant environmental regulation under any law of the countries in which it operates, this area and associated governmental responses have potential impact on the Company's business in unknown ways.

(r) Taxation risk

As at the date of this document, the Company is overdue in paying net liabilities of approximately \$3.7 million plus interest and penalties to the Australian Taxation Office (ATO) for PAYG balances accruing since November 2022 and, as a consequence, the Company is in breach of tax legislation and exposing the Company and its directors to ATO action.

Whilst the Company is seeking to finalise an 18 month repayment plan and has entered multiple information exchanges with the ATO to achieve this outcome, there is no guarantee that the ATO will agree to this on terms the Company seeks or at all. The Company has made a lump sum payment of \$1m in September 2024 against the debt with monthly instalments of \$0.24m scheduled from October 2024 while the payment plan is being finalised. If a payment plan is not accepted, the need to immediately pay and the imposition of significant fines, charges or penalties and reputational damage as a result of the overdue amounts could adversely affect the Company's business and financial condition, and may result in the Company needing to raise further funds.

Furthermore, unresolved tax liabilities pose a substantial financial burden on the Company's operations, potentially impacting liquidity, cashflow, investor confidence and the ability to secure debt or equity financing.

The Victorian State Revenue Office is undertaking a customary payroll tax review of the Group in the ordinary course of its activities. The Company does not expect any material liability to arise out of the review process, however there is no guarantee that this will be the case, therefore exposing the Company to further unanticipated tax liability and, in addition to that liability, the risk of fines, charges or penalties and reputational damage as a result.

(s) Litigation

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of claims by contract counterparties, personal injury and property damage claims, environmental and indemnity claims, employee claims and other litigation and disputes. There is a risk that such litigation, claims and disputes could materially and adversely affect the Company's operating and financial performance due to the cost of defending and/or settling such claims, and could affect the Company's reputation.

The Company has been joined as a defendant in legal proceedings in the Supreme Court of New South Wales that have been brought by a shareholder, Qing Li, regarding two purported transfers of securities in the Company to Chen Xiadi, another shareholder in the Company. The Company is a party to the proceedings as it maintains the members register through its agent, Automic. Neither Madam Li nor Mr Chen have made any claim or allegations of wrongdoing against Novatti in these proceedings.

Key Risks (cont.)

Madam Li claims that the attempted share transfers were not authorised by her and the proceedings have been brought to determine the underlying beneficial ownership of the securities. Mr Chen has lodged a counterclaim against Madam Li's claim. A directions hearing is set for 24 October 2024.

The Company is in dispute with the sellers of ATX Fintech Holding SB Malaysia (**ATX**) regarding payment and timing of earn out consideration linked to the financial performance of ATX post-acquisition. The Company acquired ATX in January 2022.

The Company has received a letter of demand from a Malaysian law firm acting for the ATX sellers, who are claiming an amount of MYR7,379,174.27 (approximately A\$2.6 million). The Company has responded to that letter. ATX unexpectedly delivered operating losses in CY22 and CY23 with the Company holding back full earn out payments for both these periods whilst it reconciles the position given that ATX had delivered operating profits prior to acquisition.

ATX is operating normally and has not been impacted by the dispute, with financial performance having improved early in the current financial year following intervention by Company management.

Whilst the Company expects to resolve the dispute without the need for litigation, there is a risk that the matter is not resolved by agreement and that some or all of the ATX sellers commence formal legal proceedings in the Malaysian courts or elsewhere. There is no guarantee that the Company will be able to fully or partially succeed in the defence of such a claim or that the matter will be resolved on favourable terms for the Company.

The Company is not aware of any other legal proceedings pending against it or any subsidiary.

(t) Insurance coverage

The Company currently has in place what it believes are adequate levels of insurance for directors' and officers' liability, professional liability and indemnity, commercial general liability and property damage, cyber and workers' compensation to protect the Company from potential losses and liabilities. However, there is a possibility that events may arise which are not adequately covered by the Company's existing insurance policies and the Company cannot guarantee that the Company's existing insurance will be available or offered in the future. An inability of the Company to maintain such cover in the future could limit the ability of the Company to conduct its business, which could have a negative impact on the financial results and prospects.

(u) Credit Risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from potential default by the counter-party, with maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting date is addressed in each applicable note.

(v) Market Risk – Foreign Currency

The Company is exposed to currency risk on cash at bank, accounts receivable and payable accounts and on its financial assets in Canadian Dollars (CAD) to fund its Canadian operations, Euro (EUR) and Great British Pounds (GBP) to service its European Operations in the UK, also US Dollars (USD) and New Zealand Dollars (NZD).

(w) Market Risk – Price Risk

The Company is exposed to other price risk on its investments in listed and unlisted entities. These investments are classified on the statement of financial position as investment assets initially recorded at cost and are subsequently measured at fair value through the statement of profit or loss. The investments are in three different entities. The assets and liabilities within these investments indirectly expose the Company to equity price risks.

(x) Liquidity Risk on Working Capital

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least three months.

Key Risks (cont.)

General risks

(a) Economic risk

Changes in the general economic climate in which the Company will operate may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption and the rate of growth of gross domestic product in Australia and other jurisdictions in which the Company operates or may acquire specific assets.

(b) Changes in government policies and legislation

Changes in the political relationship between Australia and other countries can affect the demand for the Company's products and services. Examples of this might be trade embargos or restrictions on the Company's services, restrictions on the free flow of migrants and travellers, or economic sanctions against countries that may use the Company's products and services.

(c) Changing geo-political environment

Changes in the political relationship between Australia and its trading parties can affect the demand for the Company's products and services. Examples of this might be trade embargos or increased tariffs on the Company's goods or economic sanctions against the countries that are buying the Company's products and services, or war between countries to which the Company exports its products and services.

(d) Global credit and investment markets

Global credit, commodity and investment markets can experience a high degree of uncertainty and volatility. The factors which lead to this situation are outside the control of the Company and may result in volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's securities trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general, and fintech securities in particular. Neither the Company, nor its directors warrant the future performance of the Company or any return on an investment in the Company.

(e) Changes in tax laws and their interpretation

Changes in tax law or changes in the way tax laws are interpreted may impact the level of tax that the Company is required to pay or collect, shareholder returns, the level of dividend imputation or franking or the tax treatment of a shareholder's investment. In particular, both the level and basis of taxation may change. Tax law is frequently being changed, both prospectively and retrospectively. Further, the status of some key tax reforms remains unclear at this stage. Additionally, tax authorities may review the tax treatment of transactions entered into by the Company. Any actual or alleged failure to comply with, or change in the application or interpretation of, tax rules applied in respect of such transactions, may increase the Company's tax liabilities or expose it to legal, regulatory or other actions.

(f) Changes in accounting standards and their interpretation

Changes to accounting or financial reporting standards or changes to the interpretation of those standards could materially adversely impact the reported financial performance and position of the Company.

(g) Force majeure events

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of the Company and the price of the Company's securities. These events can have an adverse impact on the demand for the Company's services and its ability to conduct its business. The Company has only a limited ability to insure against some of these risks. If any of these event occur, there may be a material adverse impact on the Company's operations, financial performance and viability.

Underwriting Agreement

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with GBA Capital, pursuant to which GBA Capital has agreed to partially underwrite the Entitlement Offer (**Underwritten Securities**). GBA Capital may appoint sub-underwriters to sub-underwrite the Entitlement Offer. The appointment of any sub-underwriter and the allocation of any Underwritten Securities is at the sole discretion of the Underwriter, subject to ensuring that no sub-underwriter (together with their associates) acquires a relevant interest in more than 19.99% of the issued share capital of the Company.

The material terms and conditions of the Underwriting Agreement are summarised below:

Fees

The Company has agreed to pay the Underwriter an underwriting fee of 6% of the Entitlement Offer proceeds and to issue to the Underwriter (or its nominee/s) the Options contemplated in the JLM Engagement Letter.

Reimbursement of Expenses

In addition, the Company agrees to reimburse the Underwriter for all costs and expenses (including any applicable GST) reasonably incurred by the Underwriter in relation to the Entitlement Offer and the Underwriting Agreement, including legal fees, up to a maximum of \$20,000.

Termination Events

The Underwriter, may by written notice to the Company, terminate its obligations under the Underwriting Agreement upon or at any time prior to completion of the Entitlement Offer if:

- (a) Indices fall: either of the All Ordinaries Index or the S&P/ASX Small Ordinaries Index as published by ASX is at any time after the date of the Underwriting Agreement, at a level that is 10% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement; or
- (b) Share Price: the volume weighted average price of the Shares as traded on ASX over any three (3) consecutive trading day period after the Lodgement Date is equal to or less than \$0.035; or
- (c) Prospectus: the Company does not lodge the Prospectus on the lodgement date in the timetable or the Prospectus or the Entitlement Offer is withdrawn by the Company; or
- (d) Supplementary Prospectus:
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described below, forms the view on reasonable grounds that a supplementary or replacement Prospectus should be lodged with ASIC and the Company fails to lodge a supplementary or replacement Prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a Supplementary Prospectus without the prior written agreement of the Underwriter which must not be unreasonably withheld; or
- (e) Non-compliance with disclosure requirements: it transpires that the Prospectus does not contain all the information required by the Corporations Act; or
- (f) Misleading Prospectus: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (g) proceedings: ASIC or any other Government Authority commences any investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Prospectus, or publicly announces that it intends to do so;
- (h) Unable to Issue Securities: the Company is prevented from issuing the Underwritten Securities within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any Government Authority; or
- (i) future matters: any statement or estimate in the Prospectus which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (j) Withdrawal of consent to Prospectus: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (k) No Quotation Approval: the Company fails to lodge an Appendix 2A with ASX in relation to the Underwritten Securities or any other appendices required to be lodged under the ASX Listing Rules with ASX within 7 days of the lodgement date in the timetable; or
- (l) ASIC application: an application is made by ASIC for an order under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, and that application has not been dismissed or withdrawn before 5.00pm on the Shortfall notice deadline date; or
- (m) ASIC hearing: ASIC gives notice of its intention to hold a hearing under Section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus (and that hearing has not occurred by 9.00am on the Settlement Date) or ASIC makes an interim or final stop order in relation to the Prospectus under Section 739 of the Corporations Act; or
- (n) Takeovers Panel: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect; or

Underwriting Agreement (cont.)

- (o) Authorisation: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (p) Indictable offence: a director or senior manager of the Company or a subsidiary company of the Company (Relevant Company) is charged with an indictable offence; or
- (q) *Hostilities: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by the percentage contemplated by para. (a) above;
- (r) *Default: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (s) *Incorrect or untrue representation: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
- (t) *Contravention of constitution or Act: a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (u) *Adverse change: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (v) *Error in Due Diligence Results: it transpires that any of the due diligence results or any part of the verification material was, misleading or deceptive, materially false or that there was a material omission from them;
- (w) *Significant change: a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (x) *Public statements: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules and/or the Corporations Act;
- (y) *Misleading information: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (z) *Official Quotation qualified: the ASX makes an official statement to the Company advising that it will not, or does not intend to, grant permission for the official quotation of the underwritten Securities;
- (aa) *Change in Act or policy: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement;
- (bb) *Prescribed Occurrence: a prescribed occurrence (including a restructure of the Company's share capital and an insolvency event) occurs, other than as disclosed in the Prospectus;
- (cc) *Suspension of debt payments: the Company suspends payment of its debts generally;
- (dd) *Event of Insolvency: an event of insolvency (as that term is defined in the Underwriting Agreement) occurs in respect of a Relevant Company;
- (ee) *Judgment against a Relevant Company: a judgment in an amount exceeding \$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (ff) *Litigation: litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced against any Relevant Company except as disclosed in the Prospectus;
- (gg) *Board and senior management composition: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the underwritten Securities without the prior written consent of the Underwriter;
- (hh) *Change in shareholdings: there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (ii) *Timetable: there is a delay in any specified date in the Timetable which is greater than 2 Business Days;
- (jj) *Force Majeure: a Force Majeure (as that term is defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;

Underwriting Agreement (cont.)

- (kk) *Certain resolutions passed: a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (ll) *Capital Structure: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon exercise of Options, such Options having been disclosed to the ASX as at the date of this Agreement, the Placement, a proposed issue disclosed in the offer materials, an agreement announced to the ASX prior to the date of the Underwriting Agreement, an issue under an employee incentive scheme, a non-underwritten dividend reinvestment or a bonus share plan as disclosed to ASX in accordance with the Listing Rules prior to the date of the Underwriting Agreement;
- (mm) *Breach of Material Contracts: any of the Company's material contracts is terminated or substantially modified; or
- (nn) *Market Conditions: for more than one day a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

No event specified in any paragraph above marked with an asterisk (*) will entitle the Underwriter to exercise its rights to terminate its obligations under the Underwriting Agreement unless, in the reasonable opinion of the Underwriter reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Entitlement Offer or on the subsequent market for the underwritten Securities (including, without limitation, a material adverse effect on a decision of an investor to invest in underwritten Securities); or
- (b) a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries taken as a whole.
- (c) any statement, misstatement, misrepresentation, non-disclosure, inaccuracy in or omission from the Prospectus or any Supplementary Prospectus, any advertising of the Offer or any documents in respect of the Offer which accompany the Prospectus or any Supplementary Prospectus; or
- (d) any breach or failure by the Company to observe any of the terms of this Agreement,

except in relation to matters where the prosecution or losses or costs result primarily from any fraud, wilful misconduct, wilful default, negligence or recklessness on the part of the Underwriter or any Related Party.

Indemnity

The Company will indemnify and keep indemnified the Underwriter and its directors, officers, employees and agents (Related Parties) and hold them harmless from and against all prosecutions, losses (including loss of profit or losses or costs incurred in connection with any investigation, enquiry or hearing by ASIC, ASX or any Government Authority but excluding indirect, special or consequential losses), penalties, actions, suits, claims, costs (including legal costs on a solicitor-and-own-client basis), demands and proceedings (whether civil or criminal) (Liability) arising out of or in respect of:

- (a) non-compliance by the Company with or breach of any legal requirement or the Corporations Act or Listing Rules in relation to the Prospectus or any Supplementary Prospectus;
- (b) any advertising of the Offer (notwithstanding that the Underwriter may have consented to it) or any documents in respect of the Offer which accompany the Prospectus or any Supplementary Prospectus or otherwise arising out of the Offer;
- (c) any statement, misstatement, misrepresentation, non-disclosure, inaccuracy in or omission from the Prospectus or any Supplementary Prospectus, any advertising of the Offer or any documents in respect of the Offer which accompany the Prospectus or any Supplementary Prospectus; or
- (d) any breach or failure by the Company to observe any of the terms of this Agreement,

except in relation to matters where the prosecution or losses or costs result primarily from any fraud, wilful misconduct, wilful default, negligence or recklessness on the part of the Underwriter or any Related Party.

The Underwriting Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

Novatti