

NOVATTI GROUP LIMITED

ACN 606 556 183

PROSPECTUS

For an offer of Options, on the basis of 25 Options for every three Notes issued, to participants in the Convertible Note Facility (**Noteholder Option Offer**); and

For an offer of Options, on the basis of one Option for every two Shares issued, to investors under the SPP and the SPP Shortfall Offer (**SPP Option Offer**),

together the **Offers**.

The issue of Options under the Offers is subject to Shareholder approvals, which are being sought at a general meeting of the Company to be held on Wednesday, 14 February 2024

The Offers are not open to the general public.

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 stockbroker, accountant or other professional adviser.

The securities offered under this Prospectus should be considered as speculative.

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IMPORTANT NOTICES

Prospectus

This Prospectus relates to the offer of Options by Novatti Group Limited (**Novatti** or **Company**) under the Offers.

The Offers made under this Prospectus are only being made to participants in the Convertible Note Facility and SPP (including the SPP Shortfall Offer). They are not being made to the general public.

This Prospectus is dated 5 February 2024 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. The expiry date of the Prospectus is 5.00pm (AEDT) on the date that is 13 months after the date of this Prospectus (Expiry Date). No Options will be issued on the basis of this Prospectus after the Expiry Date.

This Prospectus is a transaction specific prospectus for an offer of options to acquire 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. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and their professional advisers.

None of ASIC and ASX, and their respective officers, take any responsibility for the contents of this Prospectus or the merits of the securities to which this Prospectus relates.

ASX maintains a database of publicly available information issued by the Company as a disclosing entity.

Applications for Options offered pursuant to this Prospectus can only be submitted (physically or digitally) as provided for in this Prospectus on an Application Form that accompanies this Prospectus.

Exposure period

No exposure period applies to this Prospectus by operation of ASIC Corporations (Exposure Period) Instrument 2016/74.

ASIC Instrument 2016/80

This Prospectus has been prepared, in part, to ensure that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 (Instrument 2016/80) is available in respect of the Options. Instrument 2016/80 provides relief from the on-sale provisions of section 707 of the Corporations Act and will relieve the need for any further disclosure to be made prior to the on-sale of Shares issued following the exercise of Options, within 12 months of their date of issue. Shares issued on exercise of the Options will be able to be immediately traded on ASX (subject to the grant of quotation).

ASIC Instrument 2019/547

The offer of Shares under the SPP is being made in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (Instrument 2019/547) via an SPP offer booklet. Instrument 2019/547 allows a share purchase plan to be conducted without the use of a prospectus once in every 12-month period. The Company satisfies the conditions of Instrument 2019/547 for the issue of Shares under the SPP, however the Company is unable to rely on Instrument 2019/547 for the SPP Option Offer because the Options to be issued under the SPP Option Offer are a new class of securities not currently quoted on the ASX.

Accordingly, the Company is undertaking the SPP Option Offer under this Prospectus.

Shareholder approvals

The issue of the Options under the Offers is subject to the Company obtaining Shareholder approval for the purposes of Listing Rule 7.1. The Company has made a notice of meeting available to Shareholders convening a general meeting of the Company, scheduled to be held on Wednesday, 14 February 2024 (**Meeting**).

If Shareholder approval at the Meeting is not obtained, Applicants who subscribed for Options under the Offers will not be issued with Options.

Further details regarding the Shareholder approvals being sought at the Meeting, including the consequences if the relevant resolutions are not passed, are set out in the notice of meeting for the Meeting released to by the Company to ASX on 15 January 2024.

No cooling off rights

Cooling off rights do not apply to an investment in Options. You cannot withdraw your application once it has been accepted.

No representation other than in this Prospectus

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the 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.

Except as required by law, and only to the extent so required, neither Novatti nor any other person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus, or on the exercise of the Options issued under this Prospectus.

Prospectus does not contain investment advice

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular circumstances. It is important that you read and consider the information in this Prospectus in full before deciding to apply for Options and consider the risks that could affect the performance of Options and Shares issued on exercise of the Options.

If you have any questions, you should seek advice from your financial or other professional adviser.

Obtaining a Prospectus and Application Form

Paper copies of this Prospectus and an Application Form can be obtained free of charge before the Closing Date 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).

Risk Factors

Applicants should be aware that subscribing for and exercising Options involves a number of risks. The key risk factors which investors should be aware of are set out in Section 6. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Options, and underlying Shares, in the future.

Restrictions on Foreign Jurisdictions

This Prospectus does 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 the responsibility of any Applicant who is a resident outside Australia to ensure compliance with all laws of any country relevant to their application, and any such Applicant should consult their professional adviser as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be issued New Securities. Submission (physically or digitally) of a duly completed Application Form will constitute a representation and warranty by an Applicant that there has not been any breach of such regulations.

No action has been taken to register or qualify the Options being offered under the Offers or otherwise permit a public offering of the Options in any jurisdiction other than Australia and New Zealand.

In particular, this Prospectus, the Offers and the Options to be issued under the Prospectus have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and the Offers may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Information for New Zealand investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

Financial information and forward looking statements

Section 4.3 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding. This Prospectus contains forward looking statements which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve risks and uncertainties. Any 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. Forward looking statements should be read in conjunction with risk factors as set out in Section 6 and other information in this Prospectus.

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.

Disclaimer

Except as required by law, and only to the extent so required, neither of the Joint Lead Managers nor their respective affiliates and related bodies corporate (as defined in the Corporations Act) and each of their respective directors, employees, officers, partners, advisors, agents or representatives (together, the **JLM Parties**) warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus, nor do they make any recommendation as to the Offers or whether you or your related parties should participate in the Offers.

In accordance with the terms of their engagement, the Joint Lead Managers may receive fees for acting as joint lead managers. Refer to section 7.5 for further details. The JLM Parties may also have interests in the securities of the Company.

Privacy

If you apply for Options, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your application, service your needs as a Shareholder and Option holder, provide facilities and services that you request and carry out appropriate administration. Company and tax laws require some of the information to be collected. If you do not provide the information requested, your application may not be able to be processed efficiently, or at all.

Each of the Company and the Share Registry may disclose your personal information for purposes related to your shareholding or optionholding to each other and to their respective agents and services providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth) (Privacy Act):

- in the case of the Company, to the Share Registry for ongoing administration of the share register; and
- in the case of the Company and the Share Registry, to printers and mailing houses for the purposes of preparation and distribution of Shareholder and Option holder information and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information 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).

Target Market Determination

The new product design and distributions obligations under the Corporations Act (DDO Obligations) took effect on 5 October 2021. The DDO Obligations are intended to help consumers obtain appropriate financial products by requiring issuers and distributors to have a consumer-centric product. The DDO Obligations require product issuers to make publicly available a target market determination that explains the target market for certain securities, any distribution conditions and any information related to reviewing and monitoring conduct in relation to the target market determination. The Company has prepared a target market determination in respect of the Options which is available on the Company's website at <https://www.novatti.com/asx-announcements/>.

Taxation Implications

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for New Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions for potential Applicants.

Neither the Company nor any of its advisers or officers accept any responsibility or liability for any taxation consequences to potential Applicants in relation to the Offers. Potential Applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Offers.

CHESS and issuer sponsorship

The Company participates in the Clearing House Electronic Sub-register System (CHESS), operated by ASX Settlement (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of its securities.

Under CHESS, the Company does not issue certificates to the holders of securities. Instead, the Company provides holders with a Holding Statement (similar to a bank account statement) that sets out the number of securities allotted and issued to them under this Prospectus.

This Holding Statement also advises investors of either their Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (SRN) in the case of a holding on the issuer sponsored sub-register.

A Holding Statement is routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time; however, a charge may be incurred for additional statements.

Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined throughout the Prospectus or in the Glossary in Section 9.

A reference to \$ or cents in this Prospectus is a reference to Australian currency (unless otherwise stated). A reference to time in this Prospectus is a reference to AEDT.

1. KEY DETAILS

1.1 Summary of Offer details

Key SPP and SPP Option Offer details

Terms of SPP	Details
SPP Offer Price	The SPP Offer Price is \$0.06.
Maximum amount to be raised under the SPP	The SPP is seeking to raise a maximum of \$2,000,000.
Total number of Shares to be issued under SPP*	Approximately 33,333,333 Shares will be issued under the SPP, subject to Shareholder approval and assuming the SPP is fully subscribed.
Total number of Options to be issued under SPP Option Offer*	Approximately 16,666,667 Options will be issued under the SPP Option Offer, subject to Shareholder approval and assuming 33,333,333 Shares are issued under the SPP.
Total amount raised if all Options are issued and exercised in respect of the Share Purchase Plan*	Approximately \$1,583,333, which will be used to fund additional collateral for growing Novatti's Payments Solutions division and working capital.
Quotation of Options	The Company will apply for quotation of the Options on ASX, subject to the Options meeting the requirements of the Listing Rules and the Corporations Act.

* Subject to rounding of fractional entitlements under the SPP.

Key Convertible Note Facility and Noteholder Option Offer details

Terms of Convertible Note Facility	Details
Face Value	\$1.00 per Convertible Note
Total Convertible Notes to be issued	3,500,000 Convertible Notes, with the Tranche 1 Notes issued utilising the Company's existing issue capacity under Listing Rule 7.1 and the Tranche 2 Notes to be issued subject to Shareholder approval under Listing Rule 7.1.
Total amount to be raised under from Convertible Notes	\$3,500,000, subject to Shareholder approval
Maturity Date	22 December 2026
Coupon Rate	10% per annum coupon rate, accrued from the issue date payable either in cash or capitalised.
Conversion	Convertible at the Noteholder's election into Shares at a price equal to the lesser of \$0.06 each and the issue price for Shares issued by the Company under the next equity capital raising, subject to a floor price of \$0.04

Terms of Convertible Note Facility	Details
Total number of Options to be issued to Noteholders	29,166,667 Options, subject to Shareholder approval
Total amount raised if all Options are issued and exercised in respect of the Placement*	\$2,770,833, which will be used to fund additional collateral for growing Novatti's Payments Solutions division and working capital.
Quotation of Options	The Company will apply for quotation of the Options on ASX, subject to the Options meeting the requirements of the Listing Rules and the Corporations Act.

Capital structure on completion of the Offers

Assuming that all of the Shares are issued under the SPP, all of the Convertible Notes are issued under the Convertible Note Facility and all of the Options are issued under the Offers, the Company's capital structure will be as follows:

Security	No.*
Fully paid ordinary shares	373,425,401
Options**	105,186,027
Convertible Notes	3,500,000

* Subject to rounding of fractional entitlements under the SPP and Noteholder Option Offer.

**Various exercise prices and expiry dates. See Section 4.4 for further details.

1.2 Indicative Timetable

The key dates in respect of the Offers are as follows.

Event	Date
SPP Record Date (7.00pm)	29 December 2023
Capital raising announced to ASX	2 January 2024
Issue of Tranche 1 Convertible Notes	8 January 2024
SPP Offer Booklet lodged with ASX Options Prospectus lodged with ASIC and ASX Opening Date of SPP Offer and SPP Option Offer Letters sent to Eligible Shareholders	5 February 2024
General Meeting to approve the issue of Tranche 2 Convertible Notes, SPP Shares and Options, and Noteholder Options	14 February 2024
Issue of Tranche 2 Convertible Notes	15 February 2024

Event	Date
Closing Date of SPP Offer and SPP Option Offer (5.00pm)	22 February 2024
Announcement of results of SPP	26 February 2024
Issue and trading of Shares under SPP (other than SPP Shortfall Shares, if any)	27 February 2024
Allotment of Options under SPP (other than in connection with the SPP Shortfall Offer, if any) and to Noteholders	27 February 2024

* Times are AEDT. These times and dates are indicative only and may change without notice.

The Directors reserve the right to vary these dates, including the closing dates, without notice.

2. DETAILS OF THE OFFERS

2.1 Background

On 2 January 2024 the Company announced a capital raising (**Capital Raising**) comprising the following components.

(a) Convertible Note Facility

A convertible note facility in the amount of \$3.5 million (**Convertible Note Facility**), comprising \$2.75 million for secured convertible notes from professional and sophisticated investors and an additional \$750,000 for unsecured convertible notes from Directors and management (together, the **Convertible Notes**).

The Convertible Notes have a \$1.00 face value, a coupon of 10% per annum and a maturity date of 22 December 2026. 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. Noteholders may also elect to capitalise interest in lieu of payment in cash. The secured Convertible Notes are secured by way of a general security agreement with the Company and share mortgages over three operating subsidiaries of the Company. The unsecured Convertible Notes will be unsecured but otherwise will be on the same terms as the secured Convertible Notes.

The issue of the Convertible Notes occurs over two tranches as follows:

- (a) **Tranche 1:** an issue to professional and sophisticated investors of 1.46 million Secured Convertible Notes (**Tranche 1 Notes**) to raise \$1.46 million (before costs) made within the Company's issue capacity under Listing Rule 7.1. The issue occurred on 8 January 2024.
- (b) **Tranche 2:** an issue to:
 - (i) professional and sophisticated investors of a further 1.29 million secured Convertible Notes to raise a further \$1.29 million (before costs) subject to Shareholder approval being obtained for the purpose of Listing Rule 7.1; and
 - (ii) Directors and management of 750,000 unsecured Convertible Notes to raise a further \$750,000 (before costs) subject to Shareholder approval being obtained for the purpose of Listing Rule 10.11 for the issue to Directors and Listing Rule 7.1 for non-Director management,

(together, the **Tranche 2 Notes**).

The terms of the Convertible Note Facility provide that 25 free-attaching Options will be issued for every three Notes subscribed for by Noteholders under the Convertible Note Facility (**Noteholder Option Offer**). The issue of these Options is also subject to Shareholder approval being obtained for the purpose of Listing Rule 7.1 (for unrelated parties) and Listing Rule 10.11 for the issue to Directors.

A general meeting for that and other purposes has been convened for 14 February 2024.

The Company engaged MST Financial Services Pty Limited and Baker Young Limited as joint lead managers of the Capital Raising. The Convertible Note Facility was not underwritten.

(b) **Share Purchase Plan**

A share purchase plan to accompany the Convertible Note Facility (**Share Purchase Plan** or **SPP**), under which **Eligible Shareholders** (being Shareholders with an address in Australia or New Zealand, or otherwise as determined by the Directors, who are on the register as at 7.00pm on 29 December 2023) will be entitled to acquire up to \$30,000 worth of new Shares at the SPP Offer Price. The Company is seeking to raise a maximum of \$2,000,000 under the SPP.

The offer price for Shares under the SPP is \$0.06 per Share (**SPP Offer Price**).

The SPP is not underwritten.

Ordinarily for a share purchase plan to fall within the exception to the 15% issue capacity under Listing Rule 7.1, as set out in Listing Rule 7.2 (Exception 5), the issue price of shares under the share purchase plan must be more than 80% of the average market price of the company's shares calculated over the 5 days on which sales occurred prior to the announcement of the share purchase plan. Given that the SPP Offer Price is lower than the calculated 80% required price and the Company has no available 15% issue capacity, the SPP Offer is subject to and conditional upon the receipt of Shareholder approval for the purpose of Listing Rule 7.1 in order to allow the Company to issue Shares under the SPP at that price. A general meeting for that and other purposes has been convened for 14 February 2024.

The terms of the SPP provide that one free-attaching Option will be issued for every two Shares subscribed for under the SPP (**SPP Option Offer**). The issue of these Options is also subject to Shareholder approval being obtained for the purpose of Listing Rule 7.1.

The Directors have reserved the right to place all of the SPP Shortfall Shares (and attaching Options) under the SPP to any other sophisticated and professional investors (who are not related parties) as a separate placement at the SPP Offer Price (**SPP Shortfall Offer**).

(c) **Options**

Shares issued under the Convertible Note Facility and SPP are being offered with free attaching options, expiring on 31 January 2027 and with an exercise price of \$0.095 (**Options**).

The terms of issue of the Options are set out in Section 5.1.

Under the Noteholder Option Offer, the Options are being offered at a ratio of 25 Options for every three Notes subscribed for by Noteholders under the Convertible Note Facility.

Under the SPP Option Offer, the Options are being offered at a ratio of one Option for every two new Shares issued under the SPP (including the SPP Shortfall Offer).

The Options are being offered under this Prospectus.

As the Company has no available 15% issue capacity, the Noteholder Option Offer and the SPP Option Offer are also subject to and conditional upon Shareholder approval for the purpose of Listing Rule 7.1. A general meeting for these and other purposes has been convened for 14 February 2024.

The Company will apply for quotation of the Options on ASX, subject to the Options meeting the requirements of the Listing Rules and the Corporations Act.

Only Noteholders and those Shareholders who participate in the SPP (or the SPP Shortfall Offer), will be entitled to subscribe for Options under this Prospectus.

2.2 Noteholder Option Offer

Noteholders are being offered 25 free-attaching Options, for nil consideration, for every three Notes issued to each them under the Convertible Note Facility.

The Noteholder Option Offer is being made in this Prospectus and will result in the issue of 29,166,667 Options to the Noteholders (subject to rounding of fractional entitlements under the Noteholder Option Offer).

The issue of these Options is subject to Shareholder approval being obtained for the purpose of Listing Rule 7.1 (for unrelated parties) and Listing Rule 10.11 for the issue to Directors. A general meeting for these and other purposes has been convened for 14 February 2024.

2.3 SPP Option Offer

Eligible Shareholders who subscribe for Shares under the SPP, and any investors who subscribe for Shares under the SPP Shortfall Offer (together **SPP Subscribers**), are being offered, subject to Shareholder approval, one free attaching Option, for nil consideration, for every two Shares issued to them in connection with the SPP and the SPP Shortfall Offer.

No more than \$2,000,000 worth of new Shares (at the SPP Offer Price) will be issued under the SPP.

The SPP Options Offer is being made in this Prospectus and will result in the issue of approximately 16,666,667 Options to the SPP Subscribers (subject to rounding of fractional entitlements under the SPP).

The SPP Option Offer is also subject to and conditional upon Shareholder approval for the purpose of Listing Rule 7.1. A general meeting for that and other purposes has been convened for 14 February 2024.

2.4 Use of funds

The funds raised under the Convertible Note Facility and SPP will be used to fund additional collateral for growing Novatti's Payments Solutions division and supporting working capital.

The Options offered under this Prospectus will be issued to the Subscribers for nil cash consideration. No funds will be raised from the issue of the Options offered under this Prospectus, however any funds raised from the exercise of these Options will be applied to the same purpose.

2.5 Terms of Options

Each Option offered under this Prospectus will have the same terms.

The Options will have an exercise price of \$0.095 and expire on 31 January 2027. Upon exercise, each Option will entitle the holder to one Share.

The terms and conditions attaching to the Options are set out in Section 5.1.

2.6 Minimum and Maximum Subscription

There is no minimum subscription under the Offers.

No person may apply for (and the Company will not issue) Options under the Offers in excess of their entitlement to Options.

2.7 Non-renounceable offer

The Offers are non-renounceable. Accordingly, a Subscriber may not sell or transfer all or part of their entitlement to subscribe for Options.

2.8 Rounding

In the event that a person is entitled to a fraction of an Option, that fractional entitlement will be rounded up.

2.9 Joint Lead Managers and underwriting

The Capital Raising is being lead managed by the Joint Lead Managers. The Convertible Note Facility and SPP (and the Offers) are not underwritten.

See Section 7.5 for details of the fees payable to the Joint Lead Managers.

2.10 Enquiries

Any questions concerning the Offers should be directed to 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).

3. HOW TO APPLY

3.1 SPP Option Offer

If you are participating in the SPP Option Offer, details of how to apply and pay for your Shares under the SPP are included in the SPP offer booklet.

If you are eligible to subscribe for Options pursuant to the SPP Option Offer and wish to subscribe, payment for the SPP via the methods on the Application Form which accompanies this Prospectus denotes application under the SPP Options Offer.

Once an application has been made it cannot be revoked. No notice of acceptance of an application will be provided.

Payment under the SPP which represents acceptance of the SPP Options Offer, must be received by no later than 5:00pm (AEDT) on the Closing Date (or, where applicable, the SPP Shortfall Offer Closing Date as provided for in Section 3.3).

3.2 Noteholder Option Offer

Applications for Options under the Noteholder Option Offer may only be submitted by the Noteholders (or their nominees) and must be made using the Noteholder Option Offer Application Form that accompanies this Prospectus and is provided directly to the Noteholders. The Noteholder Option Offer Application Form must be completed in accordance with instructions provided to Noteholders.

Completed Noteholder Option Offer Application Forms must be received by the Company by no later than 5:00pm (AEDT) on the Closing Date.

Where the amount applied for results in a fraction of an Option, the number of Options issued will be rounded up to the nearest whole Option.

3.3 Offer Period

The Offers will open on the Opening Date and applications for Options under the Offers close at 5:00pm (AEDT) on the Closing Date (other than in respect of the SPP Shortfall Offer, which will close 3 months after the Closing Date or earlier at the Company's discretion (**SPP Shortfall Offer Closing Date**)).

The Opening Date and Closing Date for the Offers are indicative only and subject to change without notice. The Company may vary these dates, including to close the Offers early or extend the Closing Date, at any time prior to the issue of Options under the Offers (subject to the Corporations Act and Listing Rules). The Company may also accept late applications at its discretion.

If any of the dates are changed, subsequent dates may also change. You are encouraged to submit your Application as provided for in this Prospectus as soon as possible after the Opening Date.

3.4 Lodgement instructions and effect of making an Application

The Company encourages Applicants to make applications for Options under the SPP Option Offer using the online Application Form that can be accessed by taking the following steps:

- Go to <https://investor.automic.com.au/#/home>
- Log in with your existing username and password or register for an online account
- Once logged in, click on "Documents and Statements" then "Other Documents"
- Click on the Booklet, Options Prospectus and Application Form to download

A submitted (physically or digitally) Application constitutes a binding and irrevocable offer to subscribe for the number of Options specified in that Application Form and, once submitted, cannot be revoked.

If an Application is not submitted correctly, it may be treated by the Company as valid at its discretion. The Directors' decision as to whether to treat such an application as valid is final. However, an Applicant will not be treated as having applied for more Options than they are entitled to under the Convertible Note Facility or SPP, as the case may be.

Brokerage or transfer/stamp duty is not payable in relation to the Offer.

The Company reserves the right to refuse an Application Form if it has reason to believe that an Applicant has not received a copy of this Prospectus in paper or electronic form, or the Prospectus or Application Form provided to the Applicant has been altered or tampered with in any way.

If a person makes an application, that person:

- (a) irrevocably and unconditionally agrees to the terms of the relevant Offer set out in this Prospectus;
- (b) acknowledges that their application is irrevocable and unconditional;
- (c) if the application has been made under the SPP Option Offer, warrants and represents to the Company that they are an Eligible Shareholder entitled to participate in the SPP and that, notwithstanding the application made, acknowledges and agrees the number of Options they have applied for may be subject to any scale back as provided for under the SPP terms and conditions; and
- (d) where they are not a 'wholesale client', within the meaning of the Corporations Act, acknowledges that they have read and understood the Target Market Determination and that they fall within the target market set out in the Target Market Determination.

4. PURPOSE AND EFFECT OF THE OFFERS

4.1 Purpose of the Offers

The Offers are being made in accordance with the Company's announced intention to offer free attaching Options to Noteholders under the Convertible Note Facility, and subscribers to the SPP and SPP Shortfall Offer.

No funds will be raised from the Offers.

4.2 Effect of the Offers

The principal effect of the Offers, assuming all Options offered under this Prospectus are subscribed for and granted, will be to issue (subject to rounding):

- (a) 29,166,667 Options under the Noteholder Option Offer; and
- (b) 16,666,667 Options under the SPP Option Offer.

In the event that all of the Options offered under this Prospectus are issued, the Company will issue a total of approximately 45,833,334 Options under the Offers (and approximately 45,833,334 Shares if all of the Options are exercised).

The final number of Options issued under the Offers will depend on the level of applications received under the SPP and the rounding of fractional entitlements under the SPP Option Offer.

See Section 4.4 for further details on the effect of the Offers on the capital structure of the Company.

4.3 Pro-forma balance sheet

This section contains a summary of the historical financial information for the Company as at 30 June 2023 (Historical Financial Information) and a pro-forma balance sheet as at 30 June 2023 (Pro-Forma Balance Sheet) (collectively, Financial Information).

The Pro-Forma Balance Sheet has been prepared on the basis of the following key assumptions:

- (a) an amount of \$3,500,000 is raised by the issue of 3,500,000 Convertible Notes under the Convertible Note Facility;
- (b) an amount of \$2,000,000 is raised by the issue of 33,333,333 Shares under the SPP; and
- (c) all Options offered under the Prospectus are subscribed for and granted.

The Financial Information has been prepared to illustrate the effect of the Offers.

The stated basis of preparation for the Historical Financial Information is in accordance with the recognition and measurement principles of the Australian Accounting Standards.

The stated basis of preparation for the Pro-Forma Balance Sheet is in a manner consistent with the recognition and measurement principles of the Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described below, as if those events or transactions had occurred as at 30 June 2023.

NOVATTI GROUP LIMITED
PRO FORMA BALANCE SHEET

	Audited 30 June 2023	Post 30 June 2023 Adjustments	Impact of Convertible Notes & SPP	Unaudited Pro-Forma
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
ASSETS				
Current assets				
Cash and cash equivalents	18,215	(5,025)	5,517	18,347
Trade and other receivables	7,748	2,857	-	10,605
Financial assets - funds in trust	92,444	(14,576)	-	77,868
Other current assets	1,131	5,559	-	6,690
Total current assets	119,538	(11,185)	5,517	113,510
Non-current assets				
Other investments at fair value through profit and loss	11,847	(5,958)	-	5,889
Plant and equipment	407	(315)	-	92
Right-of-use assets	1,509	93	-	1,602
Intangible assets	7,904	1,618	-	9,522
Security deposits	4,429	14	-	4,443
Total non-current assets	26,096	(4,549)	-	21,547
TOTAL ASSETS	145,634	(15,734)	5,517	135,057
LIABILITIES				
Current liabilities				
Trade and other payables	22,420	(9,189)	-	13,231
Settlement, remittance and visa funds payable	91,629	4,484	-	96,113
Lease liabilities	271	(271)	-	-
Contract liabilities	286	(228)	-	58
Employee benefits	3,338	1,664	-	5,002
Total current liabilities	117,944	(3,541)	-	114,403
Non-current liabilities				
Borrowings	10,500	(10,500)	-	-
Convertible Note Facilities	-	-	3,500	3,500
Lease liabilities	1,575	318	-	1,893
Employee benefits	140	(140)	-	-
Total non-current liabilities	12,215	(10,322)	3,500	5,393
TOTAL LIABILITIES	130,159	(13,862)	3,500	119,797
NET ASSETS	15,475	(1,872)	1,657	15,260

	Audited 30 June 2023	Post 30 June 2023 Adjustments	Impact of Convertible Notes & SPP	Unaudited Pro-Forma
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
EQUITY				
Issued capital	90,686	375	2,000	93,061
Reserves	5,401	(438)	-	4,963
Accumulated losses	(83,477)	1,056	(343)	(82,764)
Equity attributable to the owners of Novatti Group Limited	12,610	993	1,657	15,260
Non-controlling interest	2,865	(2,865)	-	-
TOTAL EQUITY	15,475	(1,872)	1,657	15,260

Notes:

- Adjustments to 30 November 2023 comprise:
 - unaudited trading from 1 July 2023 to 30 November 2023; and
 - sale of shares held in Reckon Limited.
- Convertible Notes are shown at their aggregate face value of \$3.5 million.
- Assumes full subscription under the SPP (of \$2 million) and issue (but not exercise) of options less costs.

4.4 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Options offered under the Prospectus are issued, is set out below.

Shares

	No.
Shares on issue (immediately prior to the Capital Raising)	340,092,068
Shares offered pursuant to the SPP*	33,333,333
Total Shares on issue after completion of the Offers	373,425,401

* Subject to rounding of fractional entitlements under the SPP.

Convertible Notes

	No.
Convertible Notes on issue (immediately prior to the Capital Raising)	-
Convertible Notes offered pursuant to the Convertible Note Facility	3,500,000
Total Convertible Notes on issue after completion of the Offers	3,500,000

Options

Class	No.
<i>Options currently on issue:</i>	
Unquoted, exercisable at \$0.20 on or before 01/03/2024	375,000
Unquoted, exercisable at \$0.20 on or before 01/03/2025	375,000
Unquoted, exercisable at \$0.27 on or before 30/11/2024	2,500,000
Unquoted, exercisable at \$0.75 on or before 05/05/2024	100,000
Unquoted, exercisable at \$0.30 on or before 08/02/2024	200,000
Unquoted, exercisable at \$0.60 on or before 07/08/2024	100,000
Unquoted, exercisable at \$0.30 on or before 08/04/2024	300,000
Unquoted, exercisable at \$0.75 on or before 31/05/2024	200,000
Unquoted, exercisable at \$0.495 on or before 15/10/2024	1,000,000
Unquoted, exercisable at \$0.75 on or before 15/10/2024	1,200,000
Unquoted, exercisable at \$0.45 on or before 30/11/2025	7,000,000
Unquoted, exercisable at \$0.3262 on or before 25/01/2025	300,000
Unquoted, exercisable at \$0.35 on or before 19/04/2025	2,375,000
Unquoted, exercisable at \$0.25 on or before 30/06/2026	1,250,000
Unquoted, exercisable at \$0.20 on or before 30/11/2026	13,000,000
Unquoted, exercisable at \$0.25 on or before 06/07/2025	833,333
Unquoted, exercisable at \$0.1575 on or before 06/07/2025	1,666,667
Unquoted, exercisable at \$0.18 on or before 17/04/2026	1,500,000
Unquoted, exercisable at \$0.20 on or before 30/06/2027	9,450,000
Unquoted, exercisable at \$0.00 on or before 30/06/2027	15,627,693
<i>New Options offered pursuant to the Noteholder Option Offer:</i>	
Unquoted, exercisable at \$0.095 on or before 31 January 2027	29,166,667
<i>New Options offered pursuant to the SPP Option Offer:</i>	
Unquoted, exercisable at \$0.095 on or before 31 January 2027*	16,666,667
Total Options on issue after completion of the Offers	105,186,027

* Subject to rounding of fractional entitlements under the SPP.

The capital structure, on a fully diluted basis, as at the date of this Prospectus, is 399,444,761 Shares and on completion of the Offers (assuming the SPP is fully subscribed but not including conversion of any Convertible Notes into Shares) would be 445,277,595 Shares (subject to rounding of fractional entitlements under the SPP Option Offer and Noteholder Option Offer, and no further issues of securities occurring in the meantime).

4.5 Effect on control of the Company

The Offers will not have a material impact on the control of the Company (as defined in section 50AA of the Corporations Act).

The maximum number of Options proposed to be issued under the Offers is approximately 45,833,334 Options, assuming the SPP is fully subscribed and subject to rounding of fractional entitlements under the SPP and Noteholder Option Offer.

Assuming that all Options are issued under the Offers, all of the Convertible Notes are issued under the Convertible Note Facility and all of the Shares are issued under the SPP (noting that the Options are free-attaching), a total of 373,425,401 Shares and 105,186,027 Options will be on issue, and the Options offered under this Prospectus will represent 12.3% of the total number of Shares on issue at the time.

4.6 Details of substantial holders

Based on the most recent filings and the Company's share register, the persons who (together with their Associates) will have a relevant interest in 5% or more of the Company's issued shares (assuming completion of the Capital Raising and no acquisitions or disposals of Shares from the date of this Prospectus until completion) are set out below:

Name	No. Shares as at date of this Prospectus	%	No. Shares as at Completion of Capital Raising	%
Brayter Ltd	46,631,507	13.77	46,631,507	12.5

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 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 \$0.095 (**Exercise Price**)

(c) Expiry Date

Each Option will expire at 5:00 pm (AEDT) on 31 January 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 to ASX for quotation of the Options once the Company is reasonably satisfied that the application will qualify under the ASX Listing Rules.

(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

If the Options are not quoted on ASX, the Options are transferable subject to the prior approval of the Company's board of directors. If the Options become quoted on ASX, the Options are freely transferable subject to any restrictions imposed by ASX or under applicable Australian securities laws.

5.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being the underlying securities of the Options to be issued 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 set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the 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.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(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 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 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.

6. RISK FACTORS

6.1 Introduction

The Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Specific Risks

(a) Going Concern

The last set of financial statements the Company issued were for the period ended 30 June 2023 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. During that 12 month period the entity recorded revenue of \$39,979,000, a net loss after tax of \$26,545,000 and incurred net cash inflows from operating activities of \$1,393,000, which includes a one-off dividend of approximately \$12,835,000. 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 cash flow from its business operations which is targeted for mid calendar year 2024. The above matters described 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.

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 financial statement referred to above 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 cash flows 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. Its key strengths are the breadth of its payments capabilities, and the knowledge and experience of key staff within the global payments industry.

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. 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 based 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 telecommunications and internet access**

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 our 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 Shares will be maintained or that the price of the Shares 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 Share and increase the volatility of the market price of the Shares.

(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.

6.3 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) Risk of litigation, claims and disputes

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 is not aware of any legal proceedings pending against it or any of its subsidiary companies.

(e) 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 shares 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 the Directors warrant the future performance of the Company or any return on an investment in the Company.

6.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus.

Therefore, the Options issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends from Shares issued after exercise of the Options, return of capital or the market value of those Options.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 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 Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” 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.

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 securities 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 securities market conducted by ASX.

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 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 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 ASIC;
 - (ii) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the 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 ASIC.

Copies of all documents lodged with 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 ASIC are set out in the table below.

Date	Description of Announcement
05/02/2024	Cleansing Notice
24/01/2024	AUDD Pre-Seed Funding
15/01/2024	Cleansing Notice
15/01/2024	Application for quotation of securities - NOV
15/01/2024	General Meeting Notice/Proxy Form
15/01/2024	Notice of General Meeting /Proxy Form
12/01/2024	Notification regarding unquoted securities - NOV
08/01/2024	Release from Escrow
08/01/2024	Notification regarding unquoted securities
08/01/2024	Cleansing Notice
02/01/2024	Notification of cessation of securities - NOV
02/01/2024	Reinstatement to Official Quotation
02/01/2024	Proposed Issue of Securities - NOV
02/01/2024	Capital Raising Initiative
28/12/2023	Notification of cessation of securities - NOV
28/12/2023	Voluntary Suspension
22/12/2023	Trading halt
22/12/2023	Pause in trading
21/12/2023	Change of Director Interest Notices x 4
15/12/2023	Notification regarding unquoted securities - NOV
11/12/2023	Strategic Review Identifies External Funding for Growth
01/12/2023	Change of Director Interest Notices x 2
01/12/2023	Notification of cessation of securities - NOV
28/11/2023	Results of Meeting
28/11/2023	AGM Presentation
16/11/2023	Sale of Reckon Ltd shares and Redemption of \$10.5m Bond
13/11/2023	Notification regarding unquoted securities - NOV
30/10/2023	September Quarter Results Presentation
30/10/2023	Monthly Activities/Appendix 4C Cash Flow Report
27/10/2023	Notification of cessation of securities - NOV
27/10/2023	AGM Notice & Access/Proxy Form
27/10/2023	Notice of Annual General Meeting/Proxy Form
25/10/2023	Changes to Executive Director Appointment and Remuneration
18/10/2023	Notification of cessation of securities - NOV
28/09/2023	Appendix 4G and Corporate Governance Statement
28/09/2023	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies that is available for inspection at ASX during normal office hours. The announcements are also available on the Company's website at <https://www.novatti.com/asx-announcements/>.

7.2 Market price of shares

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 12 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

	\$	Date
Highest	0.200	07/02/2023
Lowest	0.052	17/01/2024
Last	0.053	02/02/2024

7.3 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 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:
- (d) as an inducement to become, or to qualify as, a Director; or
- (e) 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 of the Company as at the date of this Prospectus is set out in the table below.

Director ⁽¹⁾	Shares	Options ⁽²⁾
Peter Pawlowitsch	4,067,295	6,316,581
Peter Cook	13,674,571	20,064,503
Kenneth Lai	13,309,971	4,179,546
Killian Murphy	-	2,653,881

Notes:

- Securities are held directly or indirectly by the Director or a related party of the Director.
- Unlisted options exercisable at various prices between \$0.00 and \$0.45 on various dates on or before 30 June 2027.

In addition, subject to Shareholder approval to be sought at the Meeting, each of Mr Pawlowitsch and Mr Cook will be issued Tranche 2 Notes and Options (free-attaching to the Convertible Notes under the Noteholder Option Offer) in the following amounts:

Director	Convertible Notes	Options
Peter Pawlowitsch	500,000	4,166,667
Peter Cook	125,000	1,041,667

See Sections 2.1 and 2.2 for more information.

None of the Directors are taking part in the SPP Option Offer.

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 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 (ie. 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 (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Year	Salary and fees \$	Super-annuation \$	Share based payments Options \$	Total \$
Peter Pawlowitsch	2023/2024	150,000	14,250	111,650	275,900
	2022/2023	89,186	9,643	413,200	511,750
	2021/2022	119,455	11,946	273,733	405,134
Peter Cook	2023/2024	289,607	22,311	570,482	882,400
	2022/2023	358,547	14,250	826,400	1,199,197
	2021/2022	421,910	19,000	410,600	851,510
Kenneth Lai	2023/2024	65,700	-	96,723	162,423
	2022/2023	-	-	275,467	275,467
	2021/2022	-	-	136,867	136,867
Killian Murphy	2023/2024	75,000	7,125	53,618	135,743
	2022/2023	20,736	2,178	275,467	298,381
	2021/2022	-	-	-	-

7.4 Interests of experts and advisers

Other than as set out in this Prospectus, no:

- (a) 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;

- (b) promoter of the Company; or
- (c) 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 ASIC, any interest in:
- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) 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.

7.5 Joint Lead Manager Mandates

The Company is party to separate mandate agreements with the Joint Lead Managers (**Mandate Agreements**) by which the Joint Lead Manager agrees to jointly act as lead managers and bookrunners to Capital Raising.

Under the Mandate Agreements, the Joint Lead Managers are entitled to receive an aggregate fee in cash of 6% of all funds raised from their respective clients under the Capital Raising. The final amount to be received will be determined following completion of the SPP.

The Company agrees to give standard representations, warranties and indemnities in the Mandate Agreements

7.6 Legal Adviser

Milcor Legal has acted as the legal adviser to the Company in relation to the Offers. The Company estimates fees for these services at \$15,000 (excluding GST and disbursements).

7.7 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 (each a **consenting party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named in this Prospectus with its consent as specified below.

Each of the consenting parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- (a) MST Financial Services Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as a joint lead manager to the Capital Raising;
- (b) Baker Young Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as a joint lead manager to the Capital Raising; and
- (c) Milcor Legal has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's legal adviser.

No consenting party referred to in this section has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each consenting party referred to in this section has not authorised or caused the issue of this Prospectus, does not make any offer and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, except as stated above in this section.

7.8 Expenses

The total expenses of the Capital Raising (which includes the Offers) are estimated to be approximately \$342,754* (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	103,637
Legal fees	30,000
Broker fees*	195,000
Registry, printing, mail and miscellaneous	10,911
Total	\$342,754

* Assumes maximum participation in the SPP and maximum fees payable to licensed brokers, including the Joint Lead Managers.

7.9 Electronic prospectus

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by an Application Form. If you have not, please contact Automatic 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) and the Company will send you, for free, either a hard copy or an electronic copy of the Prospectus, or both.

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

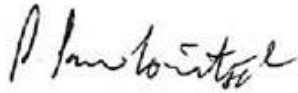
7.10 Governing Law

This Prospectus, the Offers and the contracts formed on acceptance of applications under the Offers are governed by the laws applicable in Victoria. Each applicant for Options submits to the non-exclusive jurisdiction of the courts of Victoria.

8. 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 ASIC.



Peter Pawlowitsch
Chair and Non-Executive Director

9. GLOSSARY

\$ means the lawful currency of Australia.

AEDT means Australian Eastern Daylight Saving Time.

Applicant means an applicant who applies for Options pursuant to one or both of the Offers.

Application Form means the relevant application form annexed to or accompanying this Prospectus for the Offers.

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

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

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 is defined in Section 2.1.

Closing Date means the date set out in the timetable in Section 1.2 (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.

Convertible Notes is defined in Section 2.1.

Convertible Note Facility is defined in Section 2.1.

Corporations Act means the Corporations Act 2001 (Cth).

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

Joint Lead Managers means MST Financial Services Pty Limited and Baker Young Limited.

Listing Rules means the listing rules of the ASX.

Meeting means general meeting of the Company convened for 14 February 2024, and an adjournment of that meeting.

Noteholder means a holder of a Convertible Note.

Noteholder Option Offer is defined in Section 2.1.

Noteholder Option Offer Application Form means the application form for Options specifically for Noteholders entitled to apply for Options.

Offers means the Noteholder Option Offer and the SPP Option Offer.

Official Quotation means official quotation on ASX.

Opening Date means the date set out in the timetable in Section 1.2.

Option means option to acquire a Share on the terms and conditions set out in Section 6.1.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Section means a section of this Prospectus.

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

Shareholder means a holder of a Share.

SPP Option Offer is defined in Section 2.1.

SPP Shortfall Offer Closing Date is defined in Section 3.3.

SPP Subscribers is defined in Section 2.3.

Subscribers means Noteholders and SPP Subscribers.

Target Market Determination means the target market determination in respect of the Options which is available on the Company's website at <https://www.novatti.com/asx-announcements/>.

Tranche 1 Notes is defined in Section 2.1.

Tranche 2 Notes is defined in Section 2.1.

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
Joint Lead Managers	MST Financial Services Pty Ltd Level 13, 14 Martin Place Sydney NSW 2000 Baker Young Limited Level 6, 121 King William Street Adelaide SA 5000
Share registry*	Automic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000 +61 8 9324 2099
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.