

## Trading Halt – Update

Gratificii Limited (ASX:GTI) (**GTI** or **Company**) refers to its previous announcement made on 2 February 2022 regarding a trading halt of GTI shares.

GTI was advised by its registry that there was an internal administrative oversight in relation to a number of shares (details set out below) where a holding lock was not properly implemented and the shares were on-sold in breach of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Board has acted quickly in its response to this administration error and has lodged all of the necessary documents to the Federal Court for consideration.

It is our understanding that the process may take time, and the ASX will require the suspension of the GTI shares in this time. The Board seeks to do all that it can to ensure that this situation is resolved as soon as possible.

### **Detailed summary**

On 19 November 2021, 50,000 convertible notes on issue in the Company were converted to ordinary shares (**November 2021 Shares**).

GTI had advised the holders of the November 2021 Shares that those shares would be "cleansed" (and therefore able to be traded and overcome any possible adverse implications under the secondary trading provisions of the Corporation Act by the issue of a "cleansing prospectus" (**Cleansing Prospectus**) in late 2021 or early 2022. They were also advised not to sell or otherwise deal with their shares in the meantime and, to that end, the Company would arrange with its share registry service provider, Automic Group, to place holding locks to prevent on-sales of those shares pending the issue of the Cleansing Prospectus.

On or about 6 December 2021, it came to the attention of the Company's Chair (**Chair**) that, contrary to GTI's instructions, a holder of some of the November 2021 Shares (**Seller**) sold 1,475,769 November 2021 Shares (**On-Sold Shares**) on-market. When enquiries were made with the share registry as to how the shares could have been sold

given the Company's arrangement regarding the holding locks, it was advised by the share registry that there was an internal administrative oversight and that the holding lock was not properly implemented by the time of the on-sale. The Company promptly contacted the Seller to raise its attention to the issue, and the Seller promptly purchased back on-market the quantity of shares that it had sold.

The Cleansing Prospectus was issued on 1 February 2022. As the On-Sold Shares were sold prior to that date, and notwithstanding the fact that the Seller had promptly reacquired the same number of shares on-market, the On-Sold Shares were not technically "cleansed".

Following correspondence from the ASX on 1 February 2021, the Board requested an immediate trading halt of the shares quoted on the ASX and is in the process of seeking orders from the Federal Court of Australia to validate the sale of the On-Sold Shares and any subsequent sales of the On-Sold Shares, so that these transactions are not caught by the secondary sale provisions. The Company will seek relief under section 1322(4) of the Corporations Act, pursuant to which the Federal Court may validate procedural and administrative irregularities.

The Company will despatch the **attached** letter to shareholders today.

GTI confirms that this announcement has been approved by the Executive Chairman.

**For further information, contact:**

Iain Dunstan  
**Executive Chairman**  
[iaind@gratifii.com](mailto:iaind@gratifii.com)

**About Gratifii Limited**

Gratifii Limited (ASX:GTI) is a full-stack customer engagement technology provider that delivers end-to-end technology solutions for businesses to engage with their customers. Its primary focus is providing liquidity for digital assets through its newly developed Mosaic Enterprise Engagement Platform. With mobile payment, curated content, ordering, booking and local offer capability; the Mosaic EEP will be the gateway to delivering a new digital lifestyle rewards program. To learn more, please visit: [www.gratifii.com](http://www.gratifii.com)



3 February 2022

ASX ANNOUNCEMENT

Dear Shareholder

**Gratified Limited – Trading halt/suspension and Court application for orders validating sales of certain shares**

I am writing to you on behalf of Gratified Limited (ASX:GTI) (**Company**) about an issue that has arisen in relation to some on-sales of fully paid ordinary shares issued by the Company as a result of the conversion of certain convertible notes on 19 November 2021 (**November 2021 Shares**).

GTI was advised by its Registry that there was an internal administrative oversight in relation to a number of shares (details set out below) where a holding lock was not properly implemented and the shares were on-sold in breach of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Board has acted quickly in its response to this administration error and has lodged all of the necessary documents to the Federal Court for consideration.

It is our understanding that the process may take time, and the ASX may require the suspension of the GTI shares in this time. The Board seeks to do all that it can to ensure that this situation is resolved as soon as possible.

**Detailed Summary**

GTI had advised the holders of the November 2021 Shares that those shares would be "cleansed" (and therefore able to be traded and overcome any possible adverse implications under the secondary trading provisions of the Corporation Act in early 2022 by the issue of a "cleansing prospectus" (**Cleansing Prospectus**). They were also advised not to sell or otherwise deal with their shares in the meantime and, to that end, the Company would arrange with its share registry service provider, Automic Group, to place holding locks to prevent on-sales of those shares pending the issue of the Cleansing Prospectus.

On or about 6 December 2021, it came to the attention of the Company's Chair (**Chair**) that, contrary to GTI's instructions, a holder of the November 2021 Shares (**Seller**) sold 1,475,769 November 2021 Shares (**On-Sold Shares**) on-market. When enquiries were made with the share registry as to how the shares could have been sold given the Company's arrangement regarding the holding locks, it was advised by the share registry that there was an internal administrative oversight and that the holding lock was not properly implemented by the time of the on-sale. The Company promptly contacted the Seller to raise its attention to the issue, and the Seller promptly purchased back on-market the quantity of shares that it had sold. It appears that there was an internal miscommunication in the Seller's office about the restriction on sales.

The Cleansing Prospectus was issued on 1 February 2022. As the On-Sold Shares were sold prior to that date, and notwithstanding the fact that the Seller had promptly reacquired the same number of shares on-market, the On-Sold Shares were not technically "cleansed". Some of the current shareholders may have acquired some or all of these shares from the Seller, or from someone else who acquired some of the On-Sold Shares. Any on-sales by those shareholders may involve them in inadvertent breaches of the Corporations Act. At this stage, it is not clear from the records maintained by the Company's registry as to which of the current shareholders acquired shares that were part of the On-Sold Shares. The Company is notifying all shareholders of this issue so that they are informed about the issue and the steps the Company is taking to deal with the issue.

As set out in an ASX announcement made by the Company on 3 February 2022, the Company will be applying to the Federal Court for declaratory orders and other relief so that our shareholders are not at risk of inadvertent breaches of the secondary trading provisions in the Corporations Act. The Company expects that the Federal Court application will be heard within the next several working days and has received legal advice to the effect that there are reasonable prospects that the orders sought by the Company will be made by the Federal Court.

Pending these orders being made, the ASX may require the suspension of the Company's shares. The Company will do all that it can to ensure that this situation is resolved as soon as possible and will continue to keep the market informed.

If you have any queries, please feel free to contact me at [iaind@gratifii.com](mailto:iaind@gratifii.com).

Kind regards

Iain Dunstan  
Executive Chairman