

5 February 2024

Target Market Determination

Made by: Novatti Group Limited (ASX:NOV) ACN 606 556 183 (**Issuer**)

Product: Options to acquire fully paid ordinary shares (**Shares**) in the Issuer (**Options**) to be issued under a transaction specific prospectus dated on or about 5 February 2024 (**Prospectus**)

Effective Date: 5 February 2024

1. Background

This target market determination (**TMD**) has been produced by the Issuer in relation to an offer to issue the Options made by the Issuer under the Prospectus pursuant to section 713 of the Corporations Act 2001 (Cth) (**Act**) and has been designed to help investors understand who the offer of Options is most suitable for.

This TMD sets out the class of consumers for which the Options would likely be consistent with their financial objectives, the distribution conditions and restrictions imposed on the distribution of the Options, as well as reporting requirements for distributors in accordance with the requirements of section 994B of the Act.

A copy of the Prospectus is available on the Issuer's website, www.novatti.com and the ASX's website, www.asx.com.au. The offer of Options is made under, or accompanied by, a copy of the Prospectus. Any applicant under the Prospectus should carefully read and consider the Prospectus in full and consult their stockbroker, accountant, solicitor and/or other professional adviser if they have any questions regarding the contents of the Prospectus. There is no cooling off period in respect of the issue of the Options.

This TMD is not a disclosure document for the purposes of the Act and does not provide a full summary of the product features or terms of the Options. This TMD is not to be used except for the purpose of a regulated person complying with their obligations under Part 7.8A of the Act. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

This TMD is not intended to provide financial advice or take into account what you currently have, or what you want and need, for your financial future. The Company is not licensed to provide financial product advice in relation to the Options.

Unless otherwise defined in this TMD, capitalised terms have the meaning given to them in the Prospectus.

2. Product Information

The key features of the Options are as follows:

<p>Offer</p>	<p>An offer to each:</p> <ul style="list-style-type: none"> • participant in the convertible note facility (CN Facility) announced on 2 January 2024 (Noteholder Option Offer); • Eligible Shareholder who subscribes for Shares under the SPP at the Offer Price, the record date of which is 7:00pm (AEDT) on 29 December 2023 (SPP Option Offer); • sophisticated and professional investor (who is not a related party) who subscribes for Shares under the SPP Shortfall Offer, <p>to subscribe for one free attaching Option for every two Shares issued, exercisable at \$0.095 on or before 31 January 2027 (Options).</p> <p>The Noteholder Option Offer, the SPP Option Offer and the SPP Shortfall Offer are being made under the Prospectus. These offers involve the offer of Options to Eligible Shareholders, to professional and sophisticated investors and directors and management of the Issuer who will participate in the CN Facility.</p>
<p>Eligibility</p>	<p>In respect of the SPP and SPP Option Offer, only existing Eligible Shareholders of the Issuer:</p> <ul style="list-style-type: none"> • who are a registered holder of Shares as at 7.00pm (AEDT) on 29 December 2023 (being the record date for the SPP); and • whose registered address was in Australia or New Zealand (or as otherwise determined by the Board), <p>may participate.</p> <p>In respect of the Noteholder Option Offer and SPP Shortfall Offer, are only open to participants in the CN Facility and the SPP Shortfall Offer (respectively).</p>
<p>Exercise price</p>	<p>The exercise price for the Options will be \$0.095 per Option.</p>
<p>Expiry date</p>	<p>Each Option will expire at 5.00pm (AEDT) on 31 January 2027 (Expiry Date).</p> <p>An Option not exercised before the Expiry Date will automatically lapse at that time.</p>
<p>Exercise period</p>	<p>The Options are exercisable at any time on or prior to the Expiry Date.</p>
<p>Shares issued on exercise</p>	<p>Shares issued on exercise of the Options will rank equally in all respects with the then issued Shares in the Issuer.</p>
<p>Transferability</p>	<p>The Company will apply for quotation of the Options on ASX. If not quoted on ASX, the Options are transferable subject to prior Board approval. If the Options become quoted on ASX, the Options are freely transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.</p>

3. Target market

The objectives, financial situation and needs of investors which are suitable for investment in the Options and an explanation of why those particular financial circumstances are suitable are provided below:

<p>Investment objective</p>	<p>As the Options may be exercised at any time prior to the Expiry Date, the Issuer expects that an investment in the Options will be suitable to investors who wish to have the right, but not obligation, in the medium term to acquire the Issuer's shares and have exposure to the Issuer's current products and services and pipeline of future products and services.</p> <p>The Options are for those who:</p> <ul style="list-style-type: none"> • are entitled to apply for them under the Prospectus; • seek to profit from an appreciation in the market price of Shares in the Company, and/or who have a medium to long-term view on the Shares or the underlying assets of the Company; and • who are accustomed to investing in speculative investments in the microcap fintech sector.
<p>Investment timeframe</p>	<p>The Options will only be issued to investors under the CN Facility and SPP (and SPP Shortfall Offer), and consequently have been designed for consumers who:</p> <ul style="list-style-type: none"> • have acquired or will acquire convertible notes under the CN Facility or Shares under SPP; • have the ability to consider the economic risk of the exercise of the Options; • given the speculative nature of these securities, have adequate means to provide for their current needs and to withstand a loss of the entire investment of the securities; • have such knowledge and experience that they are capable of evaluating the merits and risks of exercising the Options; • take a medium term outlook in relation to their investment in the Issuer and are in a financial position that is sufficient for them to invest their funds over the time period to the Expiry Date, should they wish to exercise their Options; and • have determined that the securities are a suitable investment.
<p>Investor suitability metrics</p>	<p>While the Issuer does not have an established eligibility framework for Investors based on metrics (for instance employment status, income levels, age or an expected return or volatility) it is expected that the target market of investors will be those investors that wish to obtain optionality for exposure to the Issuer's targeted future growth.</p> <p>Only Eligible Shareholders and CN Facility participants – who are already investors in the Issuer, directors and management of the Issuer, professional and sophisticated investors and professional and sophisticated investors who participate in the SPP Shortfall Offer, will be permitted to apply for Options.</p>

Risk	<p>The Issuer considers that an investment in the Options will have a different risk profile to a direct upfront investment in Shares, including due to the fact that there is no obligation to exercise the Options prior to the Expiry Date.</p> <p>Investors should also have a sufficient level of financial literacy to understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer.</p>
Excluded class of consumers	<p>The Options are not suitable for investors:</p> <ul style="list-style-type: none"> • who are not seeking to have the potential to increase their investment in the Issuer; • who do not understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer; • who require an income stream from their investment; • who do not ordinarily invest in speculative investments in the microcap fintech sector; and • who are residents outside Australia and New Zealand and are not applicants under the SPP or noteholders under the CN Facility.

The Issuer has assessed the Options and formed the view that the Options are likely to be consistent with the objectives, financial situation and needs of investors in the target market as described above in this section 3.

4. Distribution conditions and restrictions

The Options will also be subject to the distribution condition that investors will be provided with a copy of the Prospectus before they apply for Options and access to this TMD.

The key restrictions on distribution for the Noteholder Option Offer are that the Options will only be offered and issued to noteholders under the CN Facility.

The key restrictions on distribution for the SPP Option Offer are that the Options will only be offered and issued to Eligible Shareholders who participate in the SPP (or investors who participate in the SPP Shortfall Offer).

The Issuer considers that these distribution conditions will ensure that persons who invest in Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Issuer.

5. Review triggers

The Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the Options will no longer be available for investment. It follows that the TMD will only apply in the period between the commencement of the offer of the Options under the Prospectus and three months following the Closing Date (the end date for any offers of the SPP Shortfall Offer) (**Offer Period**), after which the TMD will be withdrawn.

To allow the Issuer to determine whether circumstances exist that indicate this TMD is no longer appropriate and that distribution of the Options should cease, the following review triggers will apply for the Offer Period:

- (a) there is a material change to the Options' key attributes that make it no longer consistent with the likely objectives, financial situation and needs of clients in the target market;
- (b) the Issuer lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;
- (c) the occurrence of a significant dealing in Options that is not consistent with this TMD;
- (d) the Issuer identifies a substantial divergence in how the Options are being distributed and purchased from this TMD;
- (e) an unexpectedly high number of complaints are received from customers that indicate the Options are not suitable for the target market or the product is not being distributed to the target market; and
- (f) material changes to the regulatory environment that applies to an investment in the Options.

The Issuer may also amend this TMD at any time.

6. Review

If a review trigger occurs during the Offer Period, the Issuer will undertake a review of the TMD in light of the review trigger as soon as reasonably practicable and, in any case, within 10 business days of the review trigger occurring.

The Issuer will otherwise conduct a review of the TMD prior to the issue of Options under the Offers. If the Offer Period extends for more than three months, the TMD will also be reviewed on a monthly basis.

7. Reporting requirements

As the Issuer is not appointing external distributors of the Options in respect of retail clients, the Issuer will consider any of the following matters:

- (a) complaints received by the Issuer in relation to the Options;
- (b) significant dealings in the Options which are inconsistent with this TMD;
- (c) any dealings outside the target market (to the extent that the Issuer is aware of such dealings); and
- (d) the conduct of the Issuer under this TMD.

Where relevant, the Issuer will consider any of the above matters and determine appropriate steps that will be taken including, where appropriate, reporting of matters to ASIC.

8. Authorisation

This announcement was approved and authorised by the Board of Directors.

For further information, contact:

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About Novatti Group Limited (ASX:NOV)

Novatti is a leading fintech that enables businesses to pay and be paid from any device, anywhere. From corner stores and start-ups to global organisations, our solutions will unlock your ambitions. Solutions include acquiring, billing, issuing, processing and banking (via International Bank of Australia Pty Ltd (IBOA) under a Restricted Authorised Deposit-taking Institution licence).