

15 February 2024

Cleansing notice under section 708A(12C)(e) of the Corporations Act 2001

This cleansing notice (**Cleansing Notice**) is given by Novatti Group Limited (ASX:NOV) ACN 606 556 183 (**Company**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally inserted by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82).

The Company will today issue 2,040,000 convertible notes. The convertible notes will be issued without disclosure to investors under Part 6D.2 of the Corporations Act.

The purpose of this Cleansing Notice is to enable the shares that may be issued on any future conversion of the convertible notes to be on-sold to retail investors without further disclosure.

This Cleansing Notice is an important document and should be read in its entirety. Neither ASIC nor ASX takes any responsibility for the contents of this Cleansing Notice.

1. BACKGROUND

On 2 January 2024 the Company announced to ASX that it had received binding commitments for the issue of convertible notes in the amount of \$3.5 million, comprising \$2.75 million for secured convertible notes (**Secured Convertible Notes**) from professional and sophisticated investors and an additional \$750,000 for unsecured convertible notes (**Unsecured Convertible Notes**) from directors of the Company (**Directors**) and management (together, the **Convertible Notes**). The Company also announced a \$2 million Share Purchase Plan (**SPP**) to eligible shareholders, for a combined fundraising of up to \$5.5 million.

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 fully paid ordinary shares in the Company (**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 subsidiary companies in the Novatti group. 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 will occur 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) to be made within the Company's placement capacity under Listing Rule 7.1.
- (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 Notes also provide for an issue to recipients (**Noteholders**) of 25 free-attaching options to subscribe for Shares at an exercise price of \$0.095 each and expiring on 31 January 2027 (**Options**) for every three Convertible Notes issued. The issue of these Options is also subject to shareholder approval.

The SPP comprises an offer to eligible shareholders (as at the record date of 7:00pm (AEDT) on 29 December 2023 with a registered address in Australia and New Zealand) of up to \$30,000 worth of Shares at an offer price of \$0.06 per Share. Participants in the SPP will also be entitled to subscribe for free-attaching Options on the basis of one free-attaching Option for every two Shares issued to them under the SPP. These Options will be on the same terms as those proposed to be issued to holders of Convertible Notes. The SPP offer is subject to shareholder approval pursuant to Listing Rule 7.1 for the issue of the Shares and Options under the SPP.

The Company issued the Tranche 1 Notes on 8 January 2024. All requisite shareholder approvals were obtained in a general meeting held on 14 February 2024.

The Tranche 2 Notes will be issued today and this Cleansing Notice is being issued in connection with those Convertible Notes.

The Directors consider that the establishment of the Convertible Note facility and the issue of the Tranche 2 Notes is in the best interests of the Company and its shareholders as it provides funding towards additional collateral for growing Novatti's Payments Solutions division and general working capital.

2. CONTENTS OF THIS CLEANSING NOTICE

This Cleansing Notice sets out the following:

- (a) in relation to the Tranche 2 Notes:
 - (i) the effect of the issue on the Company;
 - (ii) a summary of the rights and liabilities attaching to the Tranche 2 Notes; and
 - (iii) a summary of the rights and liabilities attaching to the shares that will be issued on the conversion of the Tranche 2 Notes; and
- (b) any information that:
 - (i) has been excluded from the Company's continuous disclosure notices in accordance with the Listing Rules; and
 - (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Shares; and
 - (iii) other information relating to the Company's status as a disclosing entity.

3. THE EFFECT OF THE ISSUE ON THE COMPANY

3.1 Effect of the issue

The principal effect of the issue of the Tranche 1 Notes on the Company will be to:

- (a) increase the Company's cash reserves by \$2,040,000 representing the aggregate subscription price of \$1,460,000 (before costs associated with the issue);
- (b) increase the number of Convertible Notes on issue from nil to 1,460,000 to 3,500,000;
- (c) give rise to the Company having a secured liability for the face value of the Tranche 2 Notes of \$2,040,000 and for all Convertible Notes of \$3,500,000 in aggregate;
- (d) if the Tranche 2 Notes are converted, either wholly or in part, into Shares, increase the number of Shares on issue by up to 67,401,972 Shares (based on the floor price for conversion of \$0.04 each and assuming all accrued interest is capitalised and converted) as a consequence of the issue of Shares on such conversion; and
- (e) subject to the Company receiving shareholder approval, require the Company to issue 12,166,667 Options to holders of the Tranche 1 Notes.

3.2 Pro forma consolidated statement of financial position

- (a) Set out in the Annexure to this Cleansing Notice is a pro forma consolidated Statement of Financial Position as at 15 February 2024 for the Company based on the audited 30 June 2023 financial statements adjusted to reflect: (i) the issue of the Tranche 2 Notes; (ii) the previous issue of Tranche 1 Notes, (iii) unaudited trading from 1 July 2023 to 30 November 2023, and (iv) the Company's sale of its shareholding in Reckon Limited. It has been prepared on the basis of the accounting policies normally adopted by the Company.
- (b) The pro-forma financial information has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities on the basis of the Tranche 1 Notes being issued on 30 June 2023 and the adjustments noted in paragraph (a).
- (c) The pro forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by the International Accounting Standards applicable to the Company's annual financial statements. The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Convertible Notes may change in the future.
- (d) The pro-forma financial information does not show the current financial position of the Company as at the date of this notice, and that the information is provided for illustrative purposes only.

3.3 Potential effect on capital structure

The capital structure of the Company as at the date of this Cleansing Notice, before the issue of the Tranche 2 Notes and Options to Tranche 2 Noteholders is set out below:

Types of security	No.
Shares	340,092,068
Options	59,152,693
Convertible Notes	1,460,000

Notes

1. The Options comprise of unquoted options exercisable at various prices and dates.
2. The Convertible Notes are the Tranche 1 Note on the terms set out above.

The table below shows the potential effect of the issue of the Tranche 2 Notes (and free-attaching Options to holders of Tranche 2 Notes), and the potential effect of the conversion of the Tranche 2 Notes into Shares as at the date of this Cleansing Notice.

	Shares	% of Shares	Options	Convertible Notes
Existing Securities	340,092,068	74.5%	59,152,693	-
Issue of Tranche 1 Notes and Options to holders of Tranche 1 Notes			12,166,667	1,460,000
Conversion of Tranche 1 Notes (Maximum)	49,034,942	10.74%		
Issue of Tranche 2 Notes and Options to holders of Tranche 2 Notes			17,000,000	2,040,000
Conversion of Tranche 2 Notes (Maximum)	67,401,972	14.76%		
Totals	456,528,982	100.00%	88,319,360	3,500,000

Notes

1. The Company will seek quotation of the Options to be issued to holders of Tranche 2 Notes, which will be on the same terms as Options proposed to be issued to holders of Tranche 1 Notes and under the SPP.
2. Assumes that no additional Shares are issued prior to conversion of the Tranche 2 Notes, a conversion price of \$0.04 applies (being the floor price) and all accrued interest is capitalised and converted.
3. Ignores the impact of the SPP, which has not yet closed. There is no certainty that the Shares and Options under the SPP will be issued.
4. Assumes that the Noteholders do not convert any of the Options issued to them.
5. Fractions have been rounded up to the nearest whole number.

4. RIGHTS AND LIABILITIES ATTACHING TO THE CONVERTIBLE NOTES

The following is a broad summary of the rights, privileges and restrictions attaching to the Convertible Notes. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Noteholders.

(a) Face Value

\$1.00 per Convertible Note

(b) Maturity Date

22 December 2026

(c) Coupon Rate

10% per annum coupon rate, accrued from the issue date.

Interest is payable either in cash or, at the Noteholder's election (made at the time of application for the Convertible Notes) may be capitalised at the end of each calendar month. Interest capitalisation for related party noteholders is subject to compliance with, or appropriate waiver from, ASX listing rules.

(d) Interest Payment Dates

Interest is payable quarterly, in arrears, within seven days of the end of each calendar quarter (unless capitalised) until the maturity date.

(e) Conversion

Each Convertible Note (including any capitalised and accrued interest) is convertible at the Noteholder's election into fully paid ordinary shares of the Issuer (**Shares**) at a price equal to the lesser of:

- (i) \$0.06 each; and
- (ii) the issue price for Shares issued by the Issuer under the next equity capital raising (excluding the SPP),

subject to a floor price of \$0.04 (**Floor Price**).

A Noteholder may exercise conversion rights in relation to some, or all, of their Convertible Notes at any time.

(f) Options

Subject to the Issuer obtaining shareholder approval, Noteholders will be issued options to subscribe for Shares exercisable at \$0.095 each and expiring on 31 January 2027 (**Options**) on the basis of 25 Options for every three Notes issued (rounded up to the nearest whole number). The Company intends to apply for quotation of the Options on ASX, subject to compliance with the Listing Rules. The Options will be offered under a transaction-specific prospectus. If shareholders do not approve the issue, then this shall be deemed an Event of Default and, as a consequence, Noteholders may request immediate redemption of the Notes and repayment of the outstanding principal sum together with accrued interest.

(g) Security and Ranking/Status

Notes for non-directors and management are secured by way of a general security agreement with the Company and share mortgages granted over shares in the following subsidiary companies of the Issuer:

- (i) Novatti Pty Ltd ACN 100 681 758;
- (ii) Novatti Acquiring Holdings Pty Ltd ACN 647 518 447; and
- (iii) Novatti Global Services Pty Ltd ACN 644 643 069.

Notes are senior secured obligations of the Issuer and ranks for payment in a winding up of the Issuer:

- (i) equally and proportionally with each Note; and
- (ii) ahead of all subordinated debts of the Issuer and ordinary shareholders.

The security is held by a security trustee (not related to the Company) on trust for the Noteholders.

Notes issued to Issuer directors and management are unsecured.

(h) Transferability

Notes are freely transferable subject to compliance with all applicable laws in any relevant jurisdiction.

(i) Redemption

Repayment of the principal sum (being the Face Value of each Note and any capitalised interest) and any unpaid interest must be made on the Maturity Date or

sooner if the Issuer commits an Event of Default and Noteholders request immediate redemption.

The Company has no right of early redemption of the Notes.

(j) Covenants, Representations, Warranties and Undertakings

Covenants, representations, warranties and undertakings customary for securities of this nature are given by the Issuer, including capacity and power, continued compliance with continuous disclosure obligations and maintenance of all regulatory filings. The Issuer will indemnify and keep indemnified each noteholder in relation to each Note against all liabilities, costs and expenses incurred by the Noteholder, arising from a breach thereof.

(k) Events of Default

An Event of Default will occur if the Issuer's shareholders do not approve the issues of: (i) the Tranche 2 Notes, (ii) Options to Noteholders, and (iii) the issue of unsecured Notes and Options to Issuer directors/management. Other Events of Default are customary events for securities of this nature, including but not limited to payment, redemption or conversion breaches, breaches of covenants, representations, warranties and undertakings, and insolvency events.

(l) Voting Rights

Notes do not give a Noteholder shareholder meeting attendance rights, voting rights or dividend rights.

(m) Conversion Protections

Notes are subject to standard anti-dilution for re-organisation or reconstruction of capital.

(n) Transaction Documents

The definitive agreements for the Notes are:

- (i) Convertible Note Deed Poll;
- (ii) Security Trust Deed;
- (iii) General Security Agreement; and
- (iv) Share Mortgage.

5. RIGHTS & LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF TRANCHE 2 NOTES

The Shares issued to the noteholders on the conversion of the Tranche 2 Notes will rank equally in all respects with all of the Company's existing Shares.

The Company is domiciled in Australia. The rights attaching to Shares, including new Shares to be issued to the noteholders on the conversion of the Tranche 2 Notes, are set out in the Company's constitution (**Constitution**), and regulated by Australian law (the *Corporations Act 2001*), the ASX Listing Rules, the general law.

A summary of the rights attaching to Shares is set out below.

This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the shareholder should seek legal advice.

(a) General meetings and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(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 the share, 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) Issues of further shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) 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 or the Listing Rules.

The Directors may decline to register a transfer of shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal.

(f) Partly paid shares

The Directors may, subject to compliance with the Constitution, the Corporations Act and Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) Dividend rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the Directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend.

The Directors may from time to time pay to shareholders any interim dividend that they may determine. Subject to the rights of any preference shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to the dividend, the dividend as declared shall be payable on all shares according to the amount paid up, or credited as paid up, on the shares, and otherwise in accordance with Part 2H.5 of the Corporations Act.

Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(h) Winding-up

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid-up or credited as paid up on the shares when the winding up begins.

(i) Dividend reinvestment and share plans

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

(j) Directors

The Constitution states that the minimum number of Directors is three and the maximum number is 10.

(k) Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have the power to manage the business of the Company and may exercise every right, power or capacity of the Company.

(l) Share buy backs

Subject to the provisions of the Corporations Act and the Listing Rules, the Company may buy back shares in itself on the terms and at times determined by the Directors.

(m) Unmarketable parcels

The Company's constitution permits the Board to sell the shares held by a shareholder if they comprise less than a marketable parcel within the meaning of ASX Business Rules. The procedure may only be invoked once in any 12 month period and requires the Company to give the shareholder notice of the intended sale.

If a shareholder does not want his shares sold, he may notify the Company accordingly.

(n) Capitalisation of profits

The Company may capitalise profits. Subject to the Constitution and the terms of the issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(o) Capital reduction

Subject to the Corporations Act and Listing Rules, the Company may reduce its share capital.

(p) Preference shares

The Company may issue preference shares, including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company's members.

6. COMPLIANCE WITH DISCLOSURE OBLIGATIONS

The Company is a "disclosing entity" under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. Broadly, these obligations require:

- (a) the Company to notify ASX immediately of any information (subject to certain exceptions) of which it is or becomes aware which a reasonable person would expect to have a material effect on the price value of its securities. That information is available to the public from ASX; and
- (b) the preparation of yearly and half-yearly financial statements and a report of the Company's operations during the relevant account period, together with an audit or review report prepared by the Company's auditor. These documents are lodged with ASIC and ASX.

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. Copies of all documents announced to the ASX can be found at www.asx.com.au or the Company's website at novatti.com.

The Company will provide free of charge to any person who requests it during normal business hours:

- (a) the Annual Report for the financial year ended 30 June 2023 lodged with ASX on 28 September 2023 (**Annual Report**);
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Report lodged with ASX on 28 September 2022 until the date of this cleansing notice:

Date	Announcement
14/02/2024	Results of Meeting
14/02/2024	General Meeting Presentation
08/02/2024	Notification of cessation of securities - NOV
05/02/2024	Letter to Eligible Shareholders
05/02/2024	Target Market Determination
05/02/2024	Share Purchase Plan Booklet
05/02/2024	Prospectus Options
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

Date	Announcement
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

7. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICES

As at the date of this Cleansing Notice, other than as set out in this Cleansing Notice the Company advises that there is no information that:

- (a) the Company has excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities of the Notes (and the underlying Shares) offered by the Company.

This announcement has been approved for release to ASX by the Board of Directors.

For further information, contact:

Mark Healy
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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).

ANNEXURE
Novatti Group Limited
Pro forma Statement of Financial Position

	Audited 30 June 2023	Post 30 June 2023 Adjustments	Impact of Tranche 2 Notes and SPP	Unaudited Pro-Forma
	AUD \$'000	AUD \$'000	AUD \$'000	AUD \$'000
ASSETS				
Current assets				
Cash and cash equivalents	18,215	(3,645)	3,777	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	(9,805)	3,777	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	(14,354)	3,777	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	-	1,460	2,040	3,500
Lease liabilities	1,575	318	-	1,893
Employee benefits	140	(140)	-	-
Total non-current liabilities	12,215	(8,862)	2,040	5,393
Total LIABILITIES	130,159	(12,402)	2,040	119,797
NET ASSETS	15,475	(1,952)	1,737	15,260

	Audited 30 June 2023	Post 30 June 2023 Adjustments	Impact of Tranche 2 Notes and 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	(437)	-	4,964
Accumulated losses	(83,477)	975	(263)	(82,765)
Equity attributable to the owners of Novatti Group Limited	12,610	913	1,737	15,260
Non-controlling interest	2,865	(2,865)	-	-
TOTAL EQUITY	15,475	(1,952)	1,737	15,260

Notes:

- (1) Adjustments to 30 November 2023 comprise:
 - (a) unaudited trading from 1 July 2023 to 30 November 2023;
 - (b) sale of shares held in Reckon Limited; and
 - (c) the issue of the Tranche 1 Notes with an aggregate face value of \$1.46 million less costs.
- (2) Convertible Notes are the Tranche 2 Notes shown at their aggregate face value of \$2.04 million less costs.
- (3) Assumes full subscription under the SPP, less costs.