

29 June 2020

Mr Dean Litis
Principal Adviser
ASX Compliance Pty Ltd
Level 4, Rialto North Tower
525 Collins Street
Melbourne Vic. 3000

By email: listingscompliancemelbourne@asx.com.au

Dear Mr Litis

ASX TRADING HALT QUERY

I refer to your letter dated 26 June 2020 to Novatti Group Limited (**NOV** or the **Company**).
The Company responds to each of your questions as follows:

1. ***Is NOV aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities during the period 18 June to 23 June 2020?***

No.

2. ***If the answer to Question 1 is "yes".***
 - a. ***Is NOV relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in NOV's securities would suggest to ASX that such information may have ceased to be confidential and therefore NOV may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.***
 - b. ***Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).***
 - c. ***If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?***

Not applicable.

3. *If the answer to Question 1 is “no”, is there any other explanation that the Company may have for the recent trading in its securities?*

Whilst the Company cannot explain the recent trading activity in the Company’s shares on ASX, the Company does note that it has made considerable progress in growing its business in recent months, with all material developments having been announced on the ASX Markets Announcements Platform. This includes:

- Entering into an MOU with Rent.com.au to mutually develop RentPay as announced on 7 February 2020, followed by formal agreements as announced on 6 March 2020.
- Acquiring process integration platform and business, Emersion, as announced on 2 April 2020.
- Launching a new Visa issuing business after partnering with Decta Limited, a leading European payments processor, as announced on 16 April 2020.
- Recording another record quarter of processing revenue (for the March quarter) of \$1.72 million as announced on 27 April 2020.
- Confirming that, despite the onset of the COVID-19 pandemic, Novatti enjoyed its strongest ever total quarterly revenue in the March 2020 quarter, reaching \$3 million for the first time, and that it had successfully integrated the Emersion business with growth anticipated to continue, as announced on 3 June 2020.
- Partnering with Alipay to enable in-app BPAY bill payments via the Company’s ChinaPayments cross-border platform, enabling Alipay’s users to directly pay their Australian bills, as announced on 10 June 2020.
- Partnering with global payments leader, Marqeta, to launch a prepaid card business in Australia with the Company, as announced on 25 June 2020.

The Company notes that general investor sentiment for businesses showing stability during the COVID-19 pandemic and significant growth potential has improved significantly in recent weeks and months, which could explain the enhanced market interest in the Company’s shares and increases in trading price and volume on ASX.

4. *When did NOV decide to undertake the Capital Raising?*

The Company’s Board of Directors resolved to undertake the Capital Raising immediately prior to the Company’s request for the Trading Halt on 25 June 2020.

5. *When did NOV commence discussions with Shaw and Partners in relation to the Capital Raising?*

On 22 June 2020 the Company commenced confidential discussions with Shaw and Partners to ascertain their level of interest in assisting the Company with a potential capital raising, which continued over 23 and 24 June 2020. In the late morning of 25 June 2020, Shaw and Partners confirmed that they would be willing to assist the Company and take a lead manager role, and provided a draft agreement in that regard

for the Company's consideration. Consequently, the Company's Board of Directors considered and approved the proposal, and promptly instructed the Company Secretary to request the Trading Halt in order to commence the Capital Raising process that afternoon.

6. *When did NOV and Shaw and Partners conclude the agreement under which the Capital Raising would proceed?*

The parties entered into a written agreement in respect of the services to be provided by Shaw and Partners to the Company for the Capital Raising at or about 3.45pm (AEST) on 25 June 2020.

7. *When did NOV become aware of the information referred to in the Announcement?*

The Company received an email from Marqeta in the early hours of the morning of 25 June 2020, which attached a signed agreement in respect of the partnership arrangement. The proposal was confidential and incomplete until that point in time. The Announcement was released pre-market open that day.

8. *Why did NOV not request a trading halt in its securities prior to the commencement of trading on ASX on 25 June 2020?*

There was no certainty that the Company would undertake a capital raising at that time and no decision had been made in that regard until the Board of Directors considered and approved the proposal later that day as noted above.

9. *Please confirm that NOV is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

10. *Please confirm that NOV's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of NOV with delegated authority from the board to respond to ASX on disclosure matters.*

The Company confirms that the responses provided in this letter have been authorised and approved by the Board of Directors.

Yours faithfully



Ian Hobson
Company Secretary
Novatti Group Limited



26 June 2020

Reference: ODIN19907

Mr Ian Hobson
Company Secretary
Novatti Group Limited
Level 3, 461 Bourke Street
Melbourne VIC 3000

By email

Dear Mr Hobson

Novatti Group Limited ('NOV'): Trading Halt Query

ASX refers to the following:

- A. The change in the price of NOV securities from a close of \$0.24 on 18 June 2020 to a high of \$0.43 on 23 June 2020, without any market sensitive announcements being released by NOV during that period.

ASX also notes an increase in the volume of NOV securities traded during this period, in particular, on 19 and 22 June 2020.
- B. NOV's announcement entitled "Global Payments Leader Marqeta chooses Novatti" released on the ASX Market Announcements Platform ('MAP') at 8:39am on 25 June 2020 (the 'Announcement'), disclosing that Marqeta has chosen NOV as its partner to launch its prepaid payment cards platform in Australia.
- C. The change in the price of NOV securities from a close of \$0.34 on 24 June 2020 to a high of \$0.38 on 25 June 2020, before last trading at \$0.355 at the time a trading halt in NOV securities was implemented at approximately 1:46pm (AEST) (the 'Trading Halt').
- D. NOV's letter requesting the Trading Halt which stated that the trading halt was pending an announcement '*regarding a proposed capital raising*' (the 'Capital Raising') released on ASX at 1:59pm (AEST).
- E. The article in the Australian Financial Review today entitled '*Surprise! Novatti taps Shaw and Partners for raising*' which states, in part, "*Sources told Street Talk Shaw and Partners had been tapped to help oversee a placement that was expected to raise about \$7 million.*"
- F. ASX Guidance Note 16 section 3.3 'When to request a trading halt' which states, in part:

"An entity should consider requesting a trading halt whenever it is necessary to manage its continuous disclosure obligations under Listing Rules 3.1-3.1B. This can arise, for example, where a listed entity has become aware of information that a reasonable person would expect to have a material effect on the price or value of its securities but it is not in a position to make an announcement about the information to the market promptly and without delay."
- G. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- H. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4

in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information.”

- I. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- J. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for Information

Having regard to the above, ASX asks NOV to respond separately to each of the following questions and requests for information:

1. Is NOV aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the trading in its securities during the period 18 June to 23 June 2020?
2. If the answer to question 1 is “yes”.
 - (a) Is NOV relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in NOV’s securities would suggest to ASX that such information may have ceased to be confidential and therefore NOV may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

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3. If the answer to question 1 is “no”, is there any other explanation that NOV may have for the recent trading in its securities?
 4. When did NOV decide to undertake the Capital Raising?
 5. When did NOV commence discussions with Shaw and Partners in relation to the Capital Raising?
 6. When did NOV and Shaw and Partners conclude the agreement under which the Capital Raising would proceed?
 7. When did NOV become aware of the information referred to in the Announcement?
 8. Why did NOV not request a trading halt in its securities prior to the commencement of trading on ASX on 25 June 2020?
 9. Please confirm that NOV is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 10. Please confirm that NOV’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of NOV with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00am AEST Monday, 29 June 2020 or when NOV lodges its announcement on MAP to bring its securities out of trading halt, whichever is sooner.**

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, NOV’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require NOV to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsComplianceMelbourne@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to NOV's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that NOV's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in NOV's securities under Listing Rule 17.3.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Dean Litis

Principal Adviser, Listings Compliance (Melbourne)