



Market Announcement

13 March 2025

Attached for the information of the market is ASX's query letter to Ovanti Limited ('OVT') dated 7 March 2025 and OVT's response dated 11 March 2025.

ASX's enquiries are ongoing.

ASX Compliance



11 March 2025

ASX Listings Compliance

Dear sir/madam

Ovanti Limited ('OVT'): Prospective Financial Information – Query

We refer to ASX's letter dated 7 March 2025

We respond to your queries as follows:

- 1 Please provide a copy of the plan which was the subject of the First Announcement (not for release to market).**

Please see **attached** a copy of the plan and associated annexures.

- 2 Does OVT consider the Announcements, or any part thereof to be information that a reasonable person would expect to have a material effect on the price or value of its securities? If not, please explain the basis for that view.**

Yes.

- 3 Does OVT believe it complied with RG170 by having a reasonable basis for publishing the Prospective Financial Forecasts in the Announcements? If so, please explain the basis for that view. If not, OVT will be required to retract the Announcements.**

Yes, OVT considers it had a reasonable basis for publishing the Prospective Financial Forecasts in the Announcements. However, it contends that the information is not prospective financial information in the sense referred to in RG170.

OVT notes that the Announcements were lodged to specifically discuss the US Market Entry Plan (**Plan**), which was a key KPI for the former CEO, Mr Simon Keast. Further, it sets out the reasoning for and the basis on which approval was granted by the board to endorse and commit to the Plan.

It is noted that the information that ASX refers to as Prospective Financial Forecasts in the Announcements are extracts from the Plan. These are not intended to be any form of projection or guidance to the market, but rather extracts referred to in the Plan which are directly relevant to the decision by the board to approve and endorse the Plan. The disclosure was made by OVT primarily as OVT has previously announced the KPIs that were set for Mr Keast and those relevant KPIs were measured against the plan.

These are not statements of future events or results which the board expects to take place and the board considered at the time that readers would not draw any projection or forecast in the context of the Announcements. If the board were minded to provide projections or estimates, as you will see from the plan, the associated revenue and profit projections would have been included.

In the alternative, if ASX considers the information to be a projection or estimate, OVT believes the information was derived from reputable independent information as it concerned the BNPL market in the US and the roadmap to achieving the relevant milestones was based on reasonable assumptions.

4 Please provide details of all material assumptions made in relation to the Prospective Financial Forecasts.

The material assumptions are set out in pages 53 to 54 of the copy of the plan.

5 Please explain what enquiries OVT made as to the reliability and reasonableness of the Prospective Financial Forecasts before including the Prospective Financial Forecasts in the Announcements.

OVT reviewed the plan which was prepared by Mr Simon Keast, then-CEO of OVT (who is also a qualified CFO). As part of this process, the board and Mr Keast participated in robust discussions regarding the information contained within the plan.

Given his employment history, education and work experience, Mr Keast has extensive industry knowledge and is qualified to prepare the plan which sets out the pathway towards US BNPL market entry including the size of the opportunity available for OVT.

As ASX will see from the plan, information regarding the BNPL market in the US was sourced from reputable independent information which the board was comfortable with as a basis for defining the market from which OVT would benefit (once market entry had occurred).

The board was also comfortable with the assumptions in the plan which underscore the TTV figures. Numerous drafts of the plan were presented to the board throughout January which involved extensive Q&A before the final plan was approved and adopted. There were additional industry experts associated with the preparation of the plan and assumption testing including Frank Ruscio, Jonathan Kelly and Bruce Brenkus.

6 Please confirm that OVT is in compliance with the Listing Rules, and in particular Listing Rule 3.1.

Confirmed.

7 Please confirm that OVT'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 OVT with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.



**Joshua Quinn
Non-Executive Director and Company Secretary
Ovanti Limited**



7 March 2025

Reference: 106249

Mr Joshua Quinn
Company Secretary & Non-Executive Director
Ovanti Limited
Level 9
505 Little Collins Street
Melbourne VIC 3000

By email

Dear Mr Quinn

Ovanti Limited ('OVT'): Prospective Financial Information - Query

ASX refers to the following:

- A. OVT's announcement entitled '*OVT Board Approves USA BNPL Market Entry Plan*' lodged on the ASX Market Announcements Platform ('MAP') on 17 February 2025, disclosing that the Board of Directors of OVT had finalised the review and approval process of the USA Market Entry Plan presented to it by the then CEO of OVT, Simon Keast (the 'First Announcement').
- B. OVT's announcement entitled '*Appointment of New CEO*' lodged on MAP on 26 February 2025, disclosing the appointment of Mr Daler Fayziev, the Executive Chairman of OVT, to the position of interim Chief Executive Officer of OVT and the immediate conclusion of Simon Keast's role as CEO of OVT (the 'Second Announcement').

The First Announcement and the Second Announcement, are referred to collectively as 'The Announcements'

- C. The First Announcement contained the following statements:

- *"The critical factor the Board considered in determining whether to approve the Plan was that the Plan sets out the roadmap for OVT to expect TTV to be USD \$200,000,000 in 12 months to the March Quarter of 2027 and USD \$500,000,000 in 12 months to the December Quarter of 2027. This currently meets and exceeds the expected KPIs first announced on 17 October 2024. The timing of these milestones are conservative in nature, OVT shall endeavour to expedite the time to achieve these milestones".*
- *"Once the plan is successfully executed, these ratios indicate that the potential EV will be circa USD \$140,000,000 in the March Quarter of 2027 and circa USD \$350,000,000 in the December Quarter of 2027".*
- *"As a result, with expected debt levels including loan funding and cash and cash equivalents, it implies a potential OVT market cap of circa AUD \$198,000,000 in the March Quarter of 2027 and circa AUD \$503,000,000 in the December Quarter of 2027 based on an AUD/USD 0.61 exchange rate"*
- *"These estimates can be seen in the table below:*

Period (Calendar Year)	TTV L12M * (USD M)	Market EV/TTV Multiples**	Potential EV (USD M)	Potential OVT Market Cap *** (AUD M)
Q1 2027	200	0.7 - 0.8	140- 160	198 – 230
Q4 2027	500	0.7 - 0.8	350- 400	503 – 585

D. The Second Announcement contained the following statements:

- *“The Company intends to appoint a new permanent CEO that will reside full time in the USA to be fully focused on these goals. Further, the Company has decided that the USA based CEO must be a US resident with deep BNPL industry operational experience, especially in regard to merchant acquisitions in order to expedite the timing of the Company achieving the stated USD \$500 million TTV milestone no later than December 2027.”*
- *“Therefore, the new CEO shall be set goals that expedite the timing of the market entry compared to those stated to the market on 17 February 2025. Further, the Board will consider strategies for increasing the plan’s anticipated TTV targets beyond USD \$500 million up to USD \$1 billion. This will be a central KPI, among others that exceed the current plan, that shall be set for the new permanent CEO.”*

(the information noted above in the Announcements, together, the ‘Prospective Financial Forecasts’)

E. ASIC’s Regulatory Guide 170: Prospective financial information, in particular:

- RG 170.11 - We believe the general test of whether prospective financial information must be disclosed is whether it is:

 - relevant to its audience; and*
 - reliable (i.e. there must be a reasonable basis for it: see GIO Australia Holdings Ltd v. AMP Insurance Investment Holdings Pty Ltd (1998) 29 ACSR 584).**
- RG 170.17 - The making of a statement that contains prospective financial information (i.e. a forward looking statement) must have reasonable grounds or it will be taken to be misleading under s728(2) or 769C of the Corporations Act. What are ‘reasonable grounds’ should be determined objectively in light of all of the circumstances at the time of the statement, so that a reasonable person would view as reasonable the grounds for the statement.*
- RG 170.18 - We consider that prospective financial information based on hypothetical assumptions (rather than reasonable grounds) is likely to be misleading and provide little information value to investors. In our view, prospective financial information without reasonable grounds is not material to investors, nor would an investor reasonably require it or reasonably expect to find it in a disclosure document or PDS. RG 170.41 - We generally consider that prospective financial information for a period of more than two years may require independent or objectively verifiable sources of information to establish that there are reasonable grounds to provide it. However, for an existing business preparing a statement on estimates for up to two years, we will generally not regard as necessary independent verification if there otherwise appear to be reasonable grounds to make the statement. Directors should state why they believe the information is objectively reasonable. We may still take action on a statement on estimates for up to two years if we believe there are no reasonable grounds to provide it.*

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- d. *RG 170.42- The reasonable grounds requirement means that there should be a relevant factual foundation for the prospective financial information and that the information is not contrived: see George v. Rockett (1990) 170 CLR 104 and Re Aldred & Dept of the Treasury (1994) 35 ALD 685.*
 - e. *RG 170.50 - The general principles in this regulatory guide also apply to advertising because of the interaction of s769C and 1041H. [emphasis added]*

Section 769C states:

For the purposes of this Chapter, or of a proceeding under this Chapter, if:

a person makes a representation with respect to any future matter (including the doing of, or refusing to do, any act); and(b) the person does not have reasonable grounds for making the representation; the representation is taken to be misleading. Section 1041H states:

A person must not, in this jurisdiction, engage in conduct, in relation to a financial product or a financial service that is misleading or deceptive or is likely to mislead or deceive.

- f. *RG 170.59 - Investors should be given enough information to enable them to:(a) assess whether the prospective financial information is relevant and reliable (i.e. to form their own view about how reasonable the grounds are for making the statement); and (b) identify with certainty the facts and circumstances that support prospective financial information, as well as being able to demonstrate that the information is reasonable.*
- g. *RG 170.61 - A disclosure document or PDS must specifically disclose any assumptions used in compiling prospective financial information that materially affect the forecast outcome. The assumptions should be detailed and specific enough to enable the investor to work through all of the prospective financial information. This may require details about how returns are calculated during each year that the information covers. Among other things, assumptions about expenditures, revenues, inflation rates and other such variables should be clearly disclosed and highlighted if different assumptions have been used for different parts of the term that the prospective financial information covers.*
- h. *RG 170.62 Investors must be able to assess:(a) the validity of the assumptions on which the prospective financial information is based;(b) the likelihood of the assumptions actually occurring; and(c) the effect on the prospective financial information if the assumptions vary.*
- i. *RG 170.63 - We expect a disclosure document or PDS to disclose material assumptions about: (a) specific future economic conditions; and (b) particular circumstances affecting a company or financial product and the industries relevant to that company or financial product.*
- j. *RG 170.64 - Disclosure of the material assumptions allows an investor or adviser to make an informed assessment of an issuer's prospects, or a person as a retail client to make an informed decision whether to acquire the product.*
- k. *RG 170.65 - An assessment of the impact of these assumptions on prospective financial information should also be included. However, a disclosure document or PDS does not have to: (a) state general assumptions, such as the absence of war or natural disasters, unless the forecast takes these events into account; or (b) disclose assumptions that would not materially affect the prospective financial information.*
- l. *RG 170.66 - It is not sufficient to state the general nature of an assumption. Specific quantities or amounts should be set out. For example, it may not be sufficient to state that prospective financial information is based on an anticipated recovery in equity markets, without setting out the amount of the required recovery: see GIO Australia Holdings Ltd v. AMP Insurance Investment Holdings Pty Ltd(1998) 29 ACSR 584.*

m. RG 170.67 - We consider that because the presence or absence of reasonable assumptions is a factor in any determination of whether an issuer has satisfied the relevant disclosure obligation, the basis for the assumptions underlying the prospective financial information should be stated in the disclosure document or PDS in order that an investor has some means of assessing that information: see *Miba Pty Ltd v. Nescor Industries (1996) 141 ALR 525* and *Wesfi Ltd v. Blend Investments Pty Ltd (1999) 31 ACSR69*. RG 170.68 - Disclosure of the basis for prospective financial information may reduce the capacity of the information to mislead because such disclosure assists the assessment/decision of an investor or retail client.

n. RG 170.78 - Investors must be able to assess the reliability of prospective financial information. To do this, they should be able to assess whether the key assumptions are likely to occur. Therefore, a disclosure document or PDS must disclose material details about the enquiries and research undertaken and the process followed in preparing the information. A complete copy of the Regulatory Guide is available at:

<http://download.asic.gov.au/media/1240943/rq170-010411.pdf>

Request for information

Having regard to the above, ASX asks OVT to respond separately to each of the following.

1. Please provide a copy of the plan which was the subject of the First Announcement (not for release to market).
2. Does OVT consider the Announcements, or any part thereof to be information that a reasonable person would expect to have a material effect on the price or value of its securities? If not, please explain the basis for that view.
3. Does OVT believe it complied with RG170 by having a reasonable basis for publishing the Prospective Financial Forecasts in the Announcements? If so, please explain the basis for that view. If not, OVT will be required to retract the Announcements.
4. Please provide details of all material assumptions made in relation to the Prospective Financial Forecasts.
5. Please explain what enquiries OVT made as to the reliability and reasonableness of the Prospective Financial Forecasts before including the Prospective Financial Forecasts in the Announcements.
6. Please confirm that OVT is in compliance with the Listing Rules, and in particular Listing Rule 3.1.
7. Please confirm that OVT'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 OVT 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 **9:00 AM AEDT Thursday, 13 March 2025**. 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, OVT'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 OVT to request a trading halt immediately.

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

Suspension

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

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to OVT'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 OVT'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.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Kind regards

ASX Compliance