

ASX announcement: (ASX: PYR)

22 May 2023

## Payright announces proposed voluntary delisting, share consolidation and name change

Payright Limited (ASX: PYR) (**Payright** or **Company**) announces that it has formally applied to the Australian Securities Exchange (**ASX**) requesting its removal from the official list of ASX (**Official List**) in accordance with ASX Listing Rule 17.11 (**Delist** or the **Delisting**). This application follows the Company obtaining in-principle advice from ASX to the effect that ASX is likely to agree to remove the Company from the Official List subject to the satisfaction of certain conditions outlined below, including the Company obtaining shareholder approval for the Delisting.

The Company also announces that in addition to the Delisting, it is proposing to undertake a share consolidation and a Company name change, further details of which are set out below (together with the Delisting, the **Transactions**).

The Transactions will be put forward for shareholder approval at a general meeting to be held on or around Monday, 26 June 2023.

### Reasons for seeking removal from the Official List

The board of directors of the Company (**Board**) considers the Delisting to be in the best interests of the Company and its shareholders for a number of reasons, including the following:

#### (a) Low free float

As at the date of this announcement, MCH Investment Management Services Pty Ltd as trustee for the MCP Credit Trust 1 (**Metrics**) holds approximately 85.2% of the Company's ordinary shares. Metrics has not indicated any intention to trade its shares. Accordingly, only 14.8% of the Company's shares are available to be traded on market.

Additionally, as at 10 May 2023, the Company had 1,427 shareholders, with 1,151 shareholders (80.7%) holding less than a marketable parcel (A\$500) of the Company's shares (based on the closing price on 10 May 2023 of \$0.014).

The Company does not consider that the current spread of shareholders and their aggregate holdings of shares is sufficient to justify the Company's continued listing on ASX (and the operation of a market for the Company's shares on ASX), having regard to the other disadvantages of remaining listed. Furthermore, the Company does not have any reason to believe that there will be a substantial increase in its shareholder spread or liquidity in the future.

#### (b) Limited trading

In recent times there has been very limited trading in PYR's shares. For example, the following table sets out the trading in PYR shares from 1 January 2023 to 10 May 2023:

Period	Traded during period	Shares on issue at end of period	Traded during period (divided by issued capital)
1 January 2023 – 31 January 2023	3,973,482	209,437,809	1.90%
1 February 2023 – 28 February 2023	1,536,844	209,437,809	0.73%
1 March 2023 – 31 March 2023	1,510,310	562,202,396	0.27%
1 April 2023 – 10 May 2023	145,373	880,885,189	0.02%

If the Company remains listed, the Board considers it highly unlikely that there would be a substantial increase in trading in the foreseeable future.

(c) **Undervalued securities**

The Board considers the price at which the Company's shares have traded over an extended period of time does not reflect the underlying value of the Company's business or its net assets. If the Company was unlisted, the Company believes that it is more likely to be able to attract additional investors at a valuation that is closer to its fundamentals, rather than the market value currently attributed to its shares based on the share price.

(d) **Lack of investor interest**

The Company requires capital in order to maintain and grow its business. Recent capital raisings have been heavily supported by Metrics, indicating a lack of support from equity markets generally.

Investor interest in the Company is low and has remained so despite continued efforts by the Company to attract and retain investors. By way of example:

- in respect of the retail entitlement offer held during December 2022 and January 2023, there were 1,467 eligible participants, of which 71 holders participated and 1,396 holders did not participate; and
- in respect of the retail entitlement offer held during March and April 2023, there were 1,442 eligible participants, of which 92 holders participated and 1,350 holders did not participate.

(e) **Costs of continued listing**

The Company believes that the ongoing administrative, compliance and direct costs associated with the Company's ASX listing are disproportionate to the benefits of remaining listed on the ASX.

Legal, accounting, insurance and other expenses incurred by the Company in satisfying ASX filing, reporting and compliance requirements have been burdensome for the Company in recent times, given its limited cash reserves.

The Company estimates that if it is removed from the official list, it will save approximately \$322,000 over the next 12 months.

(f) **Management time and effort**

A significant portion of the Company's management time is presently being dedicated to time-intensive matters relating to the Company's ASX listing. If the Company proceeds to Delist, management's time will be able to be spent on other matters for the benefit of the Company.

**Conditions**

ASX has advised the Company that it would likely agree to the Company's formal request for the Delisting, subject to the Company's compliance with the following conditions:

- (a) the request for removal of the Company from the Official List is approved by a special resolution of shareholders of the Company;
- (b) the notice of meeting seeking shareholder approval for the Company's removal from the Official List of ASX (the 'Notice') must include:
  - (i) a timetable of key dates, including the time and date at which the Company will be removed from ASX if that approval is given;

- (ii) details that if holders wish to sell their securities on ASX, they will need to do so before the Company is removed from the Official List, and if they don't, details of the processes that will exist after the Company is removed from the Official List to allow security holders to dispose of their holdings and how they can access those processes; and
- (iii) the information prescribed in section 2.11 of ASX Guidance Note 33, to ASX's satisfaction;
- (c) the removal of the Company from the Official List must not take place any earlier than one month after security holder approval has been obtained so that security holders have at least that period to sell their securities on ASX should they wish to do so;
- (d) the Company must apply for its securities to be suspended from quotation at least two (2) business days before its proposed delisting date; and
- (e) the Company releases the full terms of this decision to the market upon making a formal application to ASX for its removal from the Official List.

The Company intends to fully comply with the above conditions (together, the **Conditions**).

#### **Consequences for the Company and its shareholders**

Some of the key consequences for the Company and its shareholders if it is removed from the Official List include:

- (a) the Company's shares will cease to be quoted and traded on the ASX and shareholders will have their CHESS holdings converted to the certificated sub-register on the Company's register. No action will be required by shareholders to affect this conversion;
- (b) the Company's shares will only be capable of sale via off-market private transactions which will require the Company's shareholders to identify and agree terms with potential purchasers of the Company's shares in accordance with the Company's constitution and the *Corporations Act 2001* (Cth) (**Corporations Act**). The Company does not intend to manage or facilitate a market for the sale of its shares following Delisting and the Company does not have any present intention to list any securities of the Company on any securities exchange. The Company can provide no assurances that a liquid market for the Company's securities will exist;
- (c) as an unlisted public company, the Company will no longer be able to raise capital from the issue of securities to the public by means of a limited disclosure fundraising document. Should the Company seek to raise capital following Delisting, it will be required to offer shares pursuant to a full prospectus or by way of a disclosure exempt placement, such as to sophisticated and institutional investors to whom such disclosure is not required;
- (d) the Company will no longer have to comply with the ASX Listing Rules nor adopt the *ASX Corporate Governance Principles and Recommendations*. However, the Company will still be governed by the Corporations Act, including:
  - (i) [Section 675](#)

The Company will become an "unlisted disclosing entity" under section 111AL of the Corporations Act. As such, following its removal from the Official List and for as long as it has at least 100 members, the Company will be subject to the continuous disclosure obligations set out in section 675 of the Corporations Act.
  - (ii) [Chapter 6](#)

For as long as the Company has more than 50 members, it will continue to be subject to the "takeover" provisions in Chapter 6 of the Corporations Act (**Chapter 6**) and, as such, voting power in the Company will continue to be regulated by Chapter 6 for shareholders who hold between 20% and 90% of the voting power in the Company (including Metrics); and

- (e) the Company's constitution will remain unchanged immediately following the Delisting, such that its shareholders will continue to have the right to:
- (i) exercise their voting rights attached to shares;
  - (ii) receive notices of meetings and other notices issued by the Company; and
  - (iii) receive dividends (if any) declared and payable by the Company from time to time.

#### Arrangements for securityholders to sell shares

The Company is not proposing to undertake a share buy-back for its securityholders following its removal from (or in the lead up to) the Official List. If shareholders wish to sell their shares, they may do so on-market prior to the removal of the Company from the Official List or after removal of the Company from the Official List through an off-market private transaction, as described above.

#### Share Consolidation and Name Change

In addition to the Delisting, the Company will seek shareholder approval to:

- (a) undertake a consolidation of its shares into a smaller number under section 254H of the Corporations Act prior to the Delisting on a 125:1 basis, such that every 125 ordinary shares will be consolidated into one ordinary share (**Share Consolidation**).

The Company currently has 880,885,189 shares on issue. Assuming the shareholders approve the Share Consolidation, the Company anticipates that there will be 7,047,557 shares on issue (rounded up to the nearest whole number for each holder and assuming no further share issues occur between the date of this announcement and the effective date for the Share Consolidation).

The Board considers that the reduction in the number of shares in the Company and increase in their respective value will benefit the Company by streamlining its capital structure.

The Company also has the following securities on issue:

- 773,369 unlisted options with an exercise price of \$0.6173 issued under the Employee Share Ownership Plan adopted by the Board on 28 October 2020 (**ESOP**);
- 4,125,000 unlisted options with an exercise price of \$2.0873 issued under the ESOP;
- 35,555,560 convertible notes issued under a convertible note deed poll dated 5 May 2022; and
- 2,714,079 warrants, held by Goldman Sachs International Bank.

If shareholders approve the Share Consolidation, the Company will also:

- consolidate the options and warrants on a 125:1 basis, being the same consolidation ratio applied to the Company's ordinary shares, and amend the applicable exercise price in inverse proportion to that ratio, as required under Listing Rule 7.22.1; and
- adjust the conversion price of the convertible notes, such that the aggregate value of the shares issued to noteholders on conversion of the convertible notes after the share consolidation will be the same as the aggregate value of those shares prior to the share consolidation (assuming no other market movements or impacts occur that would have an effect on the share price), such that no noteholder will receive a benefit that holders of ordinary shares do not receive in connection with the Share Consolidation, as required under Listing Rule 7.21; and

- (b) change its name to "Navalo Financial Services Group Limited" (**Name Change**). As at the date of this announcement, this proposed name has been reserved by the Company with the Australian Securities & Investments Commission.

Shareholder approval for the Share Consolidation and the Name Change will be sought at the same meeting that shareholder approval is sought to Delist (**General Meeting**).

Further details of the Transactions will be provided to shareholders in a notice of General Meeting expected to be dispatched on or around Tuesday, 23 May 2023 together with an explanatory statement.

### **Timetable**

The proposed timetable for completion of the Delisting (including the satisfaction of the Conditions and the expected date for the Company's removal from the Official List), Share Consolidation and Name Change is set out at Annexure A to this announcement.

The Delisting would not take place any earlier than one month after shareholder approval has been obtained. Shares may continue to be traded on ASX up until close of trade on the date that is 2 trading days prior to the proposed delisting date, after which trading will be suspended until the Delisting.

### **Remedies shareholders may pursue**

#### Part 2F.1 of the Corporations Act

In circumstances where a shareholder of the Company considers the Delisting to be contrary to the interests of shareholders as a whole or oppressive to, unfairly prejudicial to, or discriminatory against a shareholder or shareholders, that shareholder may apply to the court for an order under Part 2F.1 of the Corporations Act.

The court can make any order under section 233 of the Corporations Act that it considers appropriate in relation to the Company. This may include an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

#### Part 6.10 Division 2 Subdivision B of the Corporations Act

In circumstances where a shareholder of the Company considers that the Delisting involves "unacceptable circumstances", that shareholder may apply to the Takeovers Panel to make a declaration of unacceptable circumstances or orders under Part 6.10 Division 2 Subdivision B of the Corporations Act (see also *Guidance Note 1: Unacceptable Circumstances* issued by the Takeovers Panels).

Pursuant to section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable under section 657A of the Corporations Act, it may make any order (except for an order directing a person to comply with a requirement of Chapter 6, 6A, 6B or 6C of the Corporations Act) that it thinks appropriate to (among others) protect the rights or interests of any person or group of persons where it is satisfied that those rights or interests have been or are being affected, or will be or are likely to be affected, by the circumstances.

Authorised for ASX release by the Payright Board of Directors.

ENDS

## Annexure A

Key Event	Key Dates
Formal application submitted to ASX to Delist	Monday 22 May 2023
Announcement regarding Delisting, Change of Name and Share Consolidation	Monday 22 May 2023
Notice of General Meeting dispatched to Company shareholders together with explanatory statement	Tuesday 23 May 2023
General Meeting held to approve the Name Change, Share Consolidation and Delisting	Monday 26 June 2023
Effective date of Share Consolidation (being the date specified in the notice of General Meeting)	Tuesday 27 June 2023
Last day for trading in pre-consolidated shares	Wednesday 28 June 2023
Unless otherwise determined by ASX, trading in post-consolidation shares commences on a deferred settlement basis	Thursday 29 June 2023
Last day for the Company to register transfers on a pre-consolidation basis	Friday 30 June 2023
First day for the Company to update its register and send holding statements to shareholders reflecting the change in the number of securities held	Monday 3 July 2023
Final day for the Company to update its register and send holding statements to its shareholders reflecting the change in the number of securities held and to notify ASX that this has occurred	Friday 7 July 2023
Suspension from quotation	Wednesday 26 July 2023
Removal of the Company from the Official List	Friday 28 July 2023

The above timetable is indicative only and may be subject to change by the Company or ASX without notice.