

Entitlement Offer Booklet

Ovato Limited
ABN 39 050 148 644

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Entitlement Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This Entitlement Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) (**Corporations Act**) and has not been lodged with the Australian Securities & Investments Commission (**ASIC**).

Please call your stockbroker, accountant or other professional adviser, or Ovato's share registry manager, Computershare Investor Services Pty Limited (Computershare), on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) if you have any questions.

10.93 for 1 pro rata entitlement offer with a back-end bookbuild of Ovato Limited ordinary shares at an offer price of \$0.005 per New Share

For personal use only

IMPORTANT NOTICES

Defined terms used in these important notices have the meaning given in this Entitlement Offer Booklet.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Future performance and forward looking statements

This Entitlement Offer Booklet contains certain 'forward looking statements'. Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'propose', 'should', 'could', 'may', 'predict', 'plan', 'believe', 'forecast', 'estimate', 'target', and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Entitlement Offer and the use of proceeds. The forward looking statements contained in this Entitlement Offer Booklet involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Ovato Limited (ABN 39 050 148 644) (**Ovato**), and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Refer to the Key Risks section of the Ovato Investor Presentation included in Section 4.2 of this Entitlement Offer Booklet for a summary of certain general and Ovato specific risk factors that may affect Ovato. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Entitlement Offer Booklet in light of those disclosures.

The forward looking statements are based on information available to Ovato as at the date of this Entitlement Offer Booklet. Except as required by law or regulation (including the Australian Securities Exchange (**ASX**) Listing Rules), Ovato undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance

Investors should note that past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) future Ovato performance including future share price performance.

Jurisdictions

This Entitlement Offer Booklet, or any accompanying ASX announcements or the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Entitlement Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the entitlements to subscribe for new ordinary shares in Ovato pursuant to the Entitlement Offer described in this Entitlement Offer Booklet (**Entitlements**) nor the New Shares have been, nor will be, registered under the US Securities Act of 1933, as amended (**US Securities Act**), or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. The New Shares may not be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US State securities laws. In the Entitlement Offer, the New Shares will only be sold in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

References to 'you', 'your Entitlement' and 'your Entitlement and Acceptance Form'

In this Entitlement Offer Booklet, references to 'you' are references to Eligible Shareholders and references to 'your Entitlement' and 'your Entitlement and Acceptance Form' are references to the Entitlement and the Entitlement and Acceptance Form, respectively, of Eligible Shareholders (as defined in Section 5.1).

Times and dates

Times and dates in this Entitlement Offer Booklet are (except where historical) indicative only and subject to change. All times refer to Australian Eastern Daylight Time (**Sydney time**). Refer to the 'Key Dates' section of this Entitlement Offer Booklet for more details.

Currency

Unless otherwise stated, all dollar values in this Entitlement Offer Booklet are in Australian dollars (A\$).

Trading New Shares

Ovato, Wilsons Corporate Finance Limited (ABN 65 057 547 323) and Aitken Murray Capital Partners Pty Ltd (ABN 39 169 972 436) (the **Underwriters**) will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Ovato or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, accountant or other professional adviser.

Refer to Section 5 for more details.

CONTENTS

CLAUSE	PAGE
KEY DATES	5
LETTER FROM THE MANAGING DIRECTOR	6
1. IS THIS ENTITLEMENT OFFER BOOKLET RELEVANT TO YOU?	8
2. SUMMARY OF OPTIONS AVAILABLE TO YOU	8
3. HOW TO APPLY	9
3.1 Overview of the Entitlement Offer	9
3.2 The Entitlement Offer	10
3.3 Your Entitlement	10
3.4 Consider the Entitlement Offer carefully in light of your particular investment objectives and circumstances	10
3.5 Options available to you	10
3.6 Ineligible Shareholders	12
3.7 Payment	12
3.8 Payment by BPAY®	12
3.9 Representations by acceptance	13
3.10 Enquiries	14
3.11 Australian Taxation Considerations	15
4. ASX ANNOUNCEMENTS	16
4.1 Offer launch announcement dated 1 December 2020	16
4.2 Ovato Investor Presentation dated 7 December 2020	20
5. IMPORTANT INFORMATION	61
5.1 Eligible Shareholders	61
5.2 Top Up Facility	62
5.3 Bookbuild	62
5.4 Potential effect of Entitlement Offer on control of Ovato	63
5.5 Ranking of New Shares	65
5.6 Risks	65
5.7 No Cooling Off Rights	65
5.8 Rounding of Entitlements	65
5.9 Notice to Nominees and Custodians	65
5.10 Not Investment Advice	65
5.11 Quotation and Trading	66
5.12 Information Availability	66
5.13 Foreign Jurisdictions	66
5.14 Underwriting/Sub-underwriting of the Entitlement Offer	67
5.15 Governing Law	69
5.16 Underwriters	69
5.17 Disclaimer	69
5.18 Withdrawal of the Entitlement Offer	70
5.19 Privacy	70
6. GLOSSARY	71

KEY DATES

Event	Date
Announcement of the Offer	1 December 2020
Record Date for determining Entitlement Offer eligibility	4 December 2020
Entitlement Offer Opens. Entitlement Offer Booklet and personalised Entitlement and Acceptance Form despatched	8 December 2020
Last day to extend Entitlement Offer close date	14 December 2020
Entitlement Offer Closes	17 December 2020
Bookbuild to be conducted	18 December 2020
Announce results of Entitlement Offer	21 December 2020
Settlement of Entitlement Offer	23 December 2020
Allotment and Issue of New Shares under Entitlement Offer	24 December 2020
Trading and Quotation of New Shares under Entitlement Offer	29 December 2020

The timetable above is (except where historical) indicative only and may be subject to change. Ovato, in conjunction with the Underwriters (as defined in Section 5.14), reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Ovato reserves the right to extend the Closing Date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

The commencement of quotation of New Shares is subject to the discretion of ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Shareholders wishing to participate in the Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Entitlement Offer opens.

Enquiries

If you have any questions, please call Ovato's share registry manager, Computershare, on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia), or consult your stockbroker, accountant or other professional adviser.

¹ Eligible Shareholders who wish to take up all or a part of their Entitlement can pay their Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form. The personalised Entitlement and Acceptance Form will be mailed to Eligible Shareholders on or about 8 December 2020. Payment must be received by no later than 5 pm (Sydney time) on 17 December 2020. Eligible Shareholders should refer to Section 3.5 for options available to them to deal with their Entitlement.

LETTER FROM THE MANAGING DIRECTOR

Dear Shareholder,

Ovato Limited (**Ovato** or **Company**) is proposing to offer new ordinary shares to existing Shareholders with a registered address in Australia and New Zealand by way of a pro rata entitlement offer with a back-end bookbuild (**Entitlement Offer**) to raise approximately A\$40 million, which is partially underwritten up to A\$35 million.

Eligible Shareholders will be invited to take up all or part of their Entitlements under the Entitlement Offer at the Offer Price. Eligible Shareholders may also apply for additional Shares in excess of their Entitlements at the Offer Price via the Top Up Facility.

Wilsons Corporate Finance Limited (ABN 65 057 547 323) and Aitken Murray Capital Partners Pty Ltd (ABN 39 169 972 436) (**Underwriters**) have agreed to partially underwrite the Entitlement Offer and act as joint lead managers, and, in turn, the Hannan Family (as defined in Section 5.4 below) and Are Media Pty Limited (each a **Sub-Underwriters**) will sub-underwrite the Entitlement Offer.

The directors of Ovato are pleased to invite you to participate in the Entitlement Offer.

Details of the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders are invited to participate in the Entitlement Offer to acquire 10.93 New Shares for every 1 existing Ovato ordinary share (**Shares**) held on the record date, being 7:00 pm (Sydney time) on Friday, 4 December 2020 (**Record Date**).

The Offer Price of \$0.005 represents a discount of:

- 61.5% to the one-month VWAP² of Ovato's shares traded on ASX based on the closing price of Ovato's shares as at Monday, 30 November 2020; and
- 61.5% to the closing price of Ovato's shares as at Wednesday, 11 November 2020 (being the day before the announcement of the proposed Ovato restructure to ASX).

Eligible Shareholders may also apply for additional new shares in excess of their Entitlement (**Additional New Shares**) under the top up offer (**Top Up Facility**) (refer to Section 3.5(ii) of this Entitlement Offer Booklet). The allocation of the Additional New Shares will be at the discretion of Ovato. If the Eligible Shareholders fail to subscribe for all of the New Shares under the Entitlement Offer, Ovato may offer an equivalent number of Shares (to the balance of New Shares not taken up) to sophisticated and/or professional investors (under section 708 of the Corporations Act) under a bookbuild (**Bookbuild**).

Following discussions with ASX in relation to the Entitlement Offer, on 4 December 2020 Ovato requested a voluntary suspension of trading of Ovato Shares on the ASX. It is expected that the voluntary suspension will continue until 29 December 2020, being the date that New Shares are expected to commence trading on a normal settlement basis.

The Entitlement Offer is expected to raise up to an estimated \$40 million. New Shares issued under the Entitlement Offer will rank equally with existing Shares.

How To Apply?

Accompanying this Entitlement Offer Booklet is your personalised Entitlement and Acceptance Form which contains details about your Entitlement.

The Entitlement Offer closes at 5.00 pm (Sydney time) on Thursday, 17 December 2020. To participate, you should ensure that you have completed your application by paying the relevant monies by BPAY® before this time in the manner described in this Entitlement Offer Booklet.

² VWAP means the volume weighted average price.

Further information about how to apply for New Shares is set out in Section 3.

If you do not wish to take up any of your Entitlement, you do not have to take any action.

Participation by the Hannan Family and Board Members

The Hannan Family (as defined in Section 5.4 below) (who, as at 30 November 2020, have a relevant interest in Ovato of 53.8%), have agreed to sub-underwrite the Entitlement Offer, up to an amount of A\$25 million.

Due to the sub-underwriting services to be provided by the Hannan Family, the Entitlement Offer may have an effect on the control of Ovato. In the event no Shareholders take up their Entitlements and the Hannan Family subscribes for all of the New Shares and Additional New Shares allocated to them under the Entitlement Offer and sub-underwriting arrangements with the Underwriters, then the Hannan Family's relevant interest may increase by approximately 21.5% to approximately 75.3%. See Section 5.4 for further information on the potential control impacts of the Entitlement Offer on Ovato.

All Ovato directors who hold shares in Ovato and the CEO intend to participate in the Entitlement Offer and fully (except for Dhun Karai who will partly) take up their entitlements. Being both a director and a Hannan Family member, Michael Hannan will be participating in the Entitlement Offer through his sub-underwriter role.

Further Information

Further information on the Entitlement Offer is detailed in this Entitlement Offer Booklet.

You should carefully read this Entitlement Offer Booklet in its entirety and consult your stockbroker, accountant or other professional adviser before making your investment decision. In particular, you should read and consider the Key Risks section of the Ovato Investor Presentation included in Section 4.2 of this Entitlement Offer Booklet, which contains a summary of some of the key risks associated with an investment in Ovato.

If you have any questions in respect of the Entitlement Offer, please call Ovato's share registry manager, Computershare Investor Services Pty Limited, on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).

On behalf of the Ovato Board, I thank you for your continued support of Ovato and am pleased to offer this opportunity to you.

Yours sincerely,



Kevin Slaven

Managing Director, Ovato Limited

3 The Hannan Family's pro rata entitlement under the Entitlement Offer is valued at A\$21.5 million.

4 Based on the Entitlement Offer raising a reduced minimum of \$32.2 million as a result of limitations on other sub-underwriting arrangements and the Hannan Family being fully allocated \$25 million worth of New Shares.

1. IS THIS ENTITLEMENT OFFER BOOKLET RELEVANT TO YOU?

This Entitlement Offer Booklet is relevant to you if you are an Eligible Shareholder.

In this Entitlement Offer Booklet, references to 'you' are references to Eligible Shareholders and references to 'your Entitlement' and 'your Entitlement and Acceptance Form' are references to the Entitlement and the Entitlement and Acceptance Form, respectively, of Eligible Shareholders.

Eligible Shareholders are those persons who:

- (a) are registered as a holder of Shares as at the Record Date, being 7.00 pm (Sydney time) 4 December 2020;
- (b) have a registered address on the Ovato share register in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered,

(Eligible Shareholders).

Refer to Section 5.1 for further details.

2. SUMMARY OF OPTIONS AVAILABLE TO YOU

If you are an Eligible Shareholder (as defined in Section 5.1) you may take any one of the following actions:

- (a) take up all of your Entitlement;
- (b) take up all of your Entitlement and apply for Additional New Shares;
- (c) take up part of your Entitlement and allow the balance to lapse; or
- (d) do nothing, in which case your Entitlement will lapse and you may not receive any payment or value for those lapsed Entitlements.

Options available to you		Key considerations
1	Take up all of your Entitlement	You may elect to subscribe for New Shares at the Offer Price (see Section 3.5(a) for instructions on how to take up your Entitlement). The New Shares will be fully paid and rank equally in all respects with existing Shares. The Entitlement Offer is scheduled to close at 5.00 pm (Sydney time) on 17 December 2020. If you take up all of your Entitlement your percentage holding in Ovato will remain the same.
2	Take up all of your Entitlement and apply for Additional New Shares	If you take up all of your Entitlement, you may elect to apply for Additional New Shares in excess of your Entitlement under the Top Up Facility (see Section 3.5(a) for instructions on how to apply for Additional New Shares).

Options available to you		Key considerations
3	Take up part of your Entitlement	If you only take up part of your Entitlement, the part not taken up will lapse. If you do not take up your Entitlement in full you may not receive any payment or value for those Entitlements not taken up. To the extent that the Entitlements are sold for value, net of expenses, under the Bookbuild, you will receive value for your lapsed Entitlements. If you do not take up your Entitlement in full, you will have your percentage holding in Ovato reduced as a result of the Entitlement Offer.
4	Do nothing, in which case your Entitlement will lapse and you may not receive any payment or value for those lapsed Entitlements	If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlements will lapse. If you do not take up your Entitlement you may not receive any payment or value for your Entitlement. To the extent that the Entitlements are sold for value, net of expenses, under the Bookbuild, you will receive value for your lapsed Entitlements. If you do not take up your Entitlement, you will have your percentage holding in Ovato reduced as a result of the Entitlement Offer.

If you are a Shareholder as at the Record Date who is not an Eligible Shareholder, you are an Ineligible Shareholder. Ineligible Shareholders are not entitled to participate in the Entitlement Offer and the Entitlement they would have had if they had been Eligible Shareholders will be sold in the Bookbuild.

Ovato Shares are currently suspended from trading on ASX. It is expected that the voluntary suspension will continue until 29 December 2020, being the date that New Shares are expected to commence trading on a normal settlement basis.

Eligible Shareholders who do not wish to take up their Entitlement will not be able to trade their Entitlement. All Entitlements that are not taken up by Eligible Shareholders under the Entitlement Offer will form part of the Bookbuild.

3. HOW TO APPLY

3.1 Overview of the Entitlement Offer

Ovato intends to raise approximately \$40 million under the Entitlement Offer.

Eligible Shareholders are being offered the opportunity to acquire 10.93 New Shares for every 1 existing Share held as at the Record Date, at the Offer Price of \$0.005 per New Share.

Under the Entitlement Offer, Eligible Shareholders (as defined in Section 5.1) will be allotted Entitlements, which can be taken up in whole or in part. This means that if you do not wish to take up all or part of the Entitlement, your Entitlement will lapse and you may not receive value for those lapsed Entitlements.

Following the close of the Entitlement Offer, the Bookbuild will be conducted by the Underwriters in respect of those Entitlements which were not taken up by Eligible Shareholders and those Entitlements which would have been offered to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer.

You should read this Entitlement Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Entitlement Offer is partly underwritten by the Underwriters. Further details on the Entitlement Offer are set out below.

3.2 The Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders are invited to apply for 10.93 New Shares for every 1 existing Share held as at the Record Date at the Offer Price of \$0.005 per New Share.

The Entitlement Offer opens at 9.00 am (Sydney time) 8 December 2020 and is scheduled to close at 5.00 pm (Sydney time) on 17 December 2020. Following the close of the Entitlement Offer, the Bookbuild will be conducted by the Underwriters.

3.3 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 10.93 New Shares for every 1 existing Share you held as at the Record Date (rounded up, if necessary, to the nearest whole number of New Shares).

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

Eligible Shareholders who do not wish to take up their Entitlement will not be able to trade their Entitlement. All Entitlements that are not taken up by Eligible Shareholders under the Entitlement Offer will form part of the Bookbuild.

New Shares issued under the Entitlement Offer will be fully paid and rank equally in all respects with existing Shares.

See Sections 5.1 and 5.13 for information on restrictions on participation.

3.4 Consider the Entitlement Offer carefully in light of your particular investment objectives and circumstances

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This Entitlement Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Entitlement Offer. As a result, it is important for you to read carefully and understand the information on Ovato and the Entitlement Offer made publicly available, prior to deciding whether to take up all or part of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Entitlement Offer Booklet and other announcements by Ovato made available at www.asx.com.au (including announcements which may be made by Ovato after publication of this Entitlement Offer Booklet).

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. You should also refer to the Key Risks section of the Ovato Investor Presentation included in Section 4.2 of this Entitlement Offer Booklet.

3.5 Options available to you

If you are an Eligible Shareholder, you may take any of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Entitlement.

You may:

- (i) take up all or part of your Entitlement;
- (ii) take up all of your Entitlement and apply for Additional New Shares (see Section 3.5(a)); or
- (iii) do nothing and let your Entitlement lapse.

(a) If you wish to take up all or part of your Entitlement or if you wish to take up all of your Entitlement and participate in the Top Up Facility

If you wish to take up all or part of your Entitlement, please pay your Application Monies via BPAY® by following the instructions set out on your personalised Entitlement and Acceptance Form. Payment is due by no later than 5.00 pm (Sydney time) on 17 December 2020. Amounts received by Ovato in excess of the Offer Price multiplied by your Entitlement will be treated as an application to apply for as many Additional New Shares as your Application Monies will pay for in full. The Top Up Facility is not capped but no Eligible Shareholder may receive any Additional New Shares under the Top Up Facility which would result in the relevant Shareholder having voting power in Ovato in excess of 20%.

If you take up and pay for all or part of your Entitlement before the close of the Entitlement Offer, it is expected that you will be issued New Shares on 24 December 2020. Ovato's decision on the number of New Shares to be issued to you will be final.

If you apply for Additional New Shares under the Top Up Facility and if your application is successful (in whole or in part), your Additional New Shares will be issued to you at the same time that other New Shares are issued under the Entitlement Offer. Additional New Shares will only be allocated to Eligible Shareholders if available. If you apply for Additional New Shares, there is no guarantee that you will be allocated any Additional New Shares. The Directors may apply any scale back and reserve their right to allot and issue Additional New Shares under the Top Up Facility at their discretion. Ovato will not issue Additional New Shares under the Top Up Facility, where to do so would be likely to result in a breach of its constitution, the Corporations Act or the ASX Listing Rules.

Ovato also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if Ovato believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to Ovato's satisfaction.

Refund amounts, if any, will be paid in Australian dollars. You will be paid any refund amount (without interest) by cheque made payable to the applicant sent by ordinary post to your address as recorded on the share register.

See Section 5.2 for further information about the Top Up Facility and the allocation policy adopted by Ovato for Additional New Shares subscribed for pursuant to the Top Up Facility.

(b) If you take no action

If you take no action you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement (or the proportion of your Entitlement) not taken up will lapse, and you may not receive any payment or value for those Entitlements you do not take up. To the extent that the Entitlements are sold for value, net of expenses, under the Bookbuild, you will receive value for your lapsed Entitlements. There can be no certainty you will receive value for your lapsed Entitlements.

Any New Shares that you would have otherwise been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been taken up) may be issued (subject to demand for them) under the Bookbuild, or otherwise will be subscribed for by the Sub-Underwriters. Eligible Shareholders who do not wish to take up their Entitlement will not be able to trade their Entitlement.

Eligible Shareholders who do not participate fully in the Entitlement Offer will have their percentage holding in Ovato reduced.

3.6 Ineligible Shareholders

Ineligible Shareholders are Shareholders as at the Record Date who are not Eligible Shareholders.

3.7 Payment

Payment must be made using BPAY®.

Cash or any other form of payments will not be accepted. Receipts for payment will not be issued.

Ovato will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement, with amounts in excess of the Offer Price multiplied by your Entitlement being treated as an application to apply for as many Additional New Shares as your Application Monies will pay for in full.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

3.8 Payment by BPAY®

For payment by BPAY®, please follow the instructions on your personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

When paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding, your application will not be recognised as valid.

Please note that by paying by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties set out in that Entitlement and Acceptance Form and in Section 3.9 of this Entitlement Offer Booklet;
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies; and
- if you pay for more than your full Entitlement, the excess of the Offer Price multiplied by your Entitlement will be treated as an application to apply for as many Additional New Shares as your Application Monies will pay for in full.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00 pm (Sydney time) on 17 December 2020. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

3.9 Representations by acceptance

By making a payment by BPAY®, you will be deemed to have represented to Ovato that you are an Eligible Shareholder and:

- (a) acknowledge that you have read and understand this Entitlement Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- (b) agree to be bound by the terms of the Entitlement Offer, the provisions of this Entitlement Offer Booklet and Ovato's constitution;
- (c) authorise Ovato to register you as the holder(s) of New Shares (and, if applicable, Additional New Shares) allotted to you;
- (d) declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- (e) declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under your personalised Entitlement and Acceptance Form;
- (f) acknowledge that once Ovato receives your payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (g) agree to apply for and be issued up to the number of New Shares (including, if applicable, Additional New Shares) for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- (h) authorise Ovato, the Underwriters, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares (including, if applicable, Additional New Shares) to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- (i) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledge that the information contained in this Entitlement Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares (including, if applicable, Additional New Shares) are suitable for you given your investment objectives, financial situation or particular needs;
- (k) acknowledge that this Entitlement Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Ovato and is given in the context of Ovato's past and ongoing continuous and periodic disclosure announcements to ASX;
- (l) acknowledge the statement of risks in the Key Risks section of the Ovato Investor Presentation contained in Section 4.2 of this Entitlement Offer Booklet, and that investments in Ovato are subject to risk;

(m) acknowledge that none of Ovato, the Underwriters, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Ovato, nor do they guarantee the repayment of capital;

(n) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;

(o) acknowledge and agree that determination of eligibility of investors for the purposes of the Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Ovato and/or the Underwriters, and each of Ovato and the Underwriters and their respective related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law;

(p) represent and warrant that the law of any place does not prohibit you from being given this Entitlement Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares (including, if applicable, Additional New Shares) and that you are otherwise eligible to participate in the Entitlement Offer;

(q) represent and warrant (for the benefit of Ovato, the Underwriters and their respective related bodies corporate and affiliates) that you are not in the United States and you are not acting for the account or benefit of a person in the United States;

(r) understand and acknowledge that neither the Entitlements nor the New Shares (including, if applicable, Additional New Shares) have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. The New Shares may not be offered or sold, directly or indirectly, to persons in the United States or to persons acting for the account or benefit of a person in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;

(s) agree that you have not and will not send this Entitlement Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Entitlement Offer to any person in the United States or to any person acting for the account or benefit of a person in the United States; and

(t) agree that if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or who is acting for the account or benefit of a person in the United States.

3.10 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact Ovato's share registry manager, Computershare, on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) if you have any questions. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

3.11 Australian Taxation Considerations

You should be aware that there may be taxation implications associated with participating in the Entitlement Offer and receiving New Shares (and Additional New Shares).

Ovato does not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares (and Additional New Shares) under the Entitlement Offer. Ovato, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares (and Additional New Shares) under this Entitlement Offer Booklet.

For personal use only

4. ASX ANNOUNCEMENTS

4.1 Offer launch announcement dated 1 December 2020



+61 2 9412 6111
Level 4, 60 Union St
Pyrmont NSW 2009
www.ovato.com.au

1 December 2020

Ovato Limited announces Entitlement Offer to raise approximately \$40.0m with up to \$35.0m conditionally underwritten

Ovato Limited (ASX: OVT) (**Ovato** or the **Company**) is pleased to advise that it has launched a conditional and partially underwritten pro rata renounceable entitlement offer to existing shareholders, offering 10.93 new fully paid ordinary shares in Ovato for every 1 share held at the record date (**New Shares**) at \$0.005 (0.5 cents) per New Share (**Offer Price**) to raise gross proceeds of up to approximately \$40.0 million (**Entitlement Offer**). The Entitlement Offer forms one element of the proposed Company restructure that was announced to the ASX on Thursday, 12 November 2020 (**Restructure**).

The funds from the Entitlement Offer, together with approximately \$17.0m from a new secured debt facility, will be applied by Ovato towards the exit of onerous leases, operational initiatives, cash backing of remaining bank guarantees, headcount rationalisation, repayment on overdraft facility, payment of transaction fees and the availability of new balance sheet working capital liquidity.

These uses of capital will significantly strengthen the Company's balance sheet by reducing leverage and providing additional financial flexibility.

Based on the Company's 30 October 2020 balance sheet, post the Entitlement Offer (and assuming a \$40m final amount raised), the Company's pro-forma net debt excluding specific onerous lease liabilities will be \$37.8m, and \$44.6m including specific onerous lease liabilities. These amounts may be further reduced if debt for equity conversions occur relating to certain liabilities, with such conversions being subject to a shareholder vote expected to occur in Q1 2021.

Restructure

As previously announced to ASX, Ovato is currently working towards a proposed restructure of the broader Ovato group, part of which comprises the Entitlement Offer.

The Restructure also involves Creditors' and Members' Schemes of Arrangement (**Schemes**). The final court date in relation to these Schemes is scheduled for Friday, 18 December 2020. The underwriting and completion of the Entitlement Offer is conditional upon a number of factors, including the successful court approval of the Schemes on that date.

Entitlement Offer overview

The Entitlement Offer seeks to raise \$40.0m of which a minimum of \$32.2m and up to \$35.0m has been conditionally and partially underwritten by Wilsons Corporate Finance Limited (ACN 057 547 323) (**Wilsons**) and Aitken Murray Capital Partners Pty Limited (ACN 169 972 436) (**AMCPS**) (together the **Joint Lead Managers**), who are acting as Joint Lead Managers and Underwriters to the Entitlement Offer.

Conditional sub-underwriting of the Entitlement Offer is being provided by:

- \$25.0m from Michael Hannan, James Hannan, Sayman Pty Ltd in its capacity as trustee of the Lindsay Hannan Family Trust, Adrian O'Connor and Richard O'Connor (together the **Hannan Family**); and
- up to \$10.0m from Are Media Pty Limited (**Are Media**), subject to Are Media obtaining approval under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FIRB Approval**)¹, (together the **Sub-Underwriters**).

The Hannan Family (including Lindsay Hannan) currently has a relevant interest of 53.8% in the Company. If the Hannan Family is fully allocated \$25.0m worth of New Shares and the final amount raised under the Entitlement Offer is \$40.0m, the Hannan Family's relevant interest in the Company would increase to 61.8%. If the Hannan Family is fully allocated \$25.0m worth of New Shares and the final amount raised under the Entitlement Offer is a reduced minimum of \$32.2m, the Hannan Family's relevant interest in the Company would increase to 75.3%. This would provide the Hannan Family with the ability to pass matters requiring shareholder approval by special resolution.

However, as a component of the Restructure, Ovato is in negotiations with the holders of secured, but subordinated, notes (**Notes**) to provide for the conversion of the Notes into equity in the form of Ovato ordinary shares. Similarly, Ovato is in negotiations with landlords to agree a compromise in respect of liabilities under certain leases (**Leases**). In connection with the Notes and the Leases, Ovato is proposing to undertake a further dilutionary share issue for the purposes of converting, from debt to equity, certain amounts owed under the Notes and certain reduced lease liabilities, subject in each case to Ovato obtaining shareholder approval for the purposes of item 7 of section 611 of the *Corporations Act 2001* (Cth) (**Corporations Act**). In addition, as certain entities related to the Hannan Family are the holders of Notes as well as being landlords to the property of the relevant lease liabilities, the Hannan Family will not be able to participate in the votes to approve the debt for equity conversions pursuant to which the Hannan Family will be issued shares. While exact details regarding the number and percentage of shares to be issued will be provided in the notice of meeting for the purposes of shareholder approval to be sought under item 7, section 611 of the Corporation Act, this would have the effect of reducing the Hannan Family's voting power in Ovato below 75% and would likely result in the Hannan Family's voting power in Ovato falling back to approximately its 53% voting power.

Are Media does not currently have a relevant interest in the Company. If Are Media's final share allocation under the Entitlement Offer is reduced due to FIRB Approval not having been obtained at the time the Entitlement Offer closes (in which case Are Media will be allocated a maximum of 19.99% of the diluted Ovato share capital post the Entitlement Offer), the relevant number of unallocated New Shares will be placed to Are Media at the Offer Price in approximately Q1 2021, when it is expected that the limitation will not be breached (and subject to any required shareholder vote or other regulatory requirements).

If Are Media is fully allocated \$10.0m worth of New Shares and the final amount raised under the Entitlement Offer is \$40.0m, Are Media would have a relevant interest of 22.9% in the Company. If Are Media is fully allocated \$10.0m worth of New Shares and the final amount raised under the Entitlement Offer is \$35.0m, Are Media would have a relevant interest of 25.9% in the Company.

Should certain conditions to the underwriting and sub-underwriting not be satisfied, the underwriters or sub-underwriters will be able to terminate their underwriting or sub-underwriting

¹ If FIRB Approval is not obtained, Are Media Pty Limited's sub-underwritten amount will be a minimum of \$7.2m and the total underwritten amount by the Joint Lead Managers in the Entitlement Offer will be a minimum of \$32.2m.

(as applicable) of the Entitlement Offer. In this circumstance the Entitlement Offer may be withdrawn.²

Each of the Directors who hold Shares in Ovato and the CEO intend to participate in the Entitlement Offer and fully (except for Dhun Karai, who will partly) take up their entitlements. Being both a Director and a Hannan Family member, Michael Hannan will be participating in the Entitlement Offer through his sub-underwriter role.

New Shares issued under the Entitlement Offer will rank equally with existing fully paid ordinary shares in Ovato.

Under the Entitlement Offer, eligible Ovato shareholders may subscribe for 10.93 New Shares for every 1 Ovato share held at the record date of 7:00pm (Sydney time) on Friday, 4 December 2020 (**Record Date**) at the Offer Price per new share (**Entitlement**).

The Offer Price represents a 61.5% discount to the one-month volume weighted average price (**VWAP**) of Ovato shares to Monday, 30 November 2020, and a discount of 61.5% to the closing price of Ovato shares on Wednesday, 11 November 2020, being the day before the ASX announcement of the Restructure

The Entitlement Offer will be open from Tuesday, 8 December 2020 to Thursday, 17 December 2020. Entitlements not taken up by existing eligible shareholders, and entitlements of ineligible shareholders (together the **Shortfall Shares**), will be offered to eligible existing shareholders by way of a top-up facility (**Top-Up Facility**), allowing eligible existing shareholders to apply for further New Shares in excess of their Entitlements. Shortfall Shares will also be offered to new and existing institutional investors by way of a shortfall bookbuild (**Shortfall Bookbuild**) which will be conducted by the Joint Lead Managers on or around Friday, 18 December 2020. The price for Shortfall Shares will be determined under the Shortfall Bookbuild and will be the highest price, which must not be lower than the Offer Price, that will allow for all of the Shortfall Shares to be sold under the Shortfall Bookbuild (**Bookbuild Price**).

If the Bookbuild Price equals the Offer Price, existing eligible shareholders who applied for additional shares under the Top-Up Facility will be given priority on allocation of Shortfall Shares. To the extent that the Bookbuild Price exceeds the Offer Price, the net proceeds of the sale of the Shortfall Shares will be distributed to those ineligible existing shareholders and those eligible existing shareholders who did not take up all or some of the entitlements, on a pro rata basis.

In the event that there are Shortfall Shares remaining after shares have been allocated under the Shortfall Bookbuild, the Sub-Underwriters will acquire the remaining shares as sub-underwriters, each up to a maximum of their sub-underwritten value.

Ovato expects to announce the outcome of the Entitlement Offer to ASX prior to market open on Monday, 21 December 2020.

Eligibility criteria

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are shareholders who:

- are registered as a holder of shares as at the Record Date;
- have a registered address in Australia or New Zealand (**Eligible Jurisdictions**);

² Ovato reserves the right to withdraw the Entitlement Offer, including where conditions to the underwriting and sub-underwriting are not satisfied. Should the Entitlement Offer be withdrawn, all application monies will be refunded in accordance with the Corporations Act 2001 (Cth).

- are not in the United States or acting for the account or benefit of a person in the United States (to the extent such person holds shares in Ovato for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders who are not Eligible Shareholders are ineligible (**Ineligible Shareholders**).

Anticipated Timetable*

Tuesday, 1 December 2020	ASX announcement of Entitlement Offer and release of Investor Presentation
7.00pm on Friday, 4 December 2020	Record Date for shareholders
Tuesday, 8 December 2020	Entitlement Offer opens
Thursday, 17 December 2020	Entitlement Offer closes
Friday, 18 December 2020	Shortfall Bookbuild conducted
Friday, 18 December 2020	Second court hearing on Creditors' Scheme of Arrangement. Date it will be known if Underwriting and Sub-underwriting become unconditional and Entitlement Offer will complete.
Monday, 21 December 2020	Announcement of results of Entitlement Offer
Wednesday, 23 December 2020	If Entitlement Offer is completing, Settlement Date for Entitlement Offer If Entitlement Offer is not completing, process of returning application monies to subscribing shareholders to commence.
Thursday, 24 December 2020	If Entitlement Offer is completing, Issue Date for New Shares under the Entitlement Offer
Tuesday, 29 December 2020	If Entitlement Offer is completing, quotation and normal trading of New Shares issued under the Entitlement Offer

**Ovato reserves the right to change these dates without prior notice or withdraw the offer. All references to time are to Sydney time unless otherwise specified. The commencement of quotation of New Shares is subject to confirmation from ASX.*

Shareholder Enquiries

Eligible shareholders will be sent further details about the Entitlement Offer, including how to apply for New Shares under the Entitlement Offer, via an information booklet, which is expected to be lodged with ASX on Tuesday, 8 December 2020 and despatched on the same date.

Further information in relation to the matters described in this announcement, including important notices and key risks, is set out in an investor presentation released by Ovato to the ASX today. The information in the Disclaimer and Important Notices section of that presentation applies to this announcement as if set out in full in this announcement.

ENDS.

This announcement was authorised for release by the Board of Directors of Ovato.

COMPANY RESTRUCTURING AND ENTITLEMENT OFFER

INVESTOR PRESENTATION

7 December 2020



IMPORTANT NOTICE AND DISCLAIMER

You must read this notice before reading or making any use of this presentation or any information contained in this presentation. By accepting this presentation, you acknowledge and agree to the following terms and conditions.

This presentation (Presentation) has been prepared by Ovato Limited (ABN 39 050 148 644) (Ovato or OVT) in relation to a partially underwritten pro-rata entitlement offer of new fully paid ordinary shares in Ovato (New Shares) (Entitlement Offer). The Entitlement Offer will be made under section 708AA of the Corporations Act 2001 (Cth) (Corporations Act), as notionally modified by the Australian Securities and Investments Commission (ASIC) Corporations (Non-Traditional Rights Issue) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

Summary information

This Presentation contains summary information about Ovato and its associated entities and their activities as at the date of this Presentation. The information contained in this Presentation is of a general nature and does not purport to include or summarise all information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a product disclosure statement, prospectus or other disclosure document prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Ovato's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au.

Not an offer

This Presentation and the announcement to which it is attached is for information purposes only and is not a prospectus, product disclosure statement or other disclosure or offering document under Australian law or any other law (and will not be lodged with ASIC). This Presentation is not and should not be considered an offer, solicitation, recommendation or an invitation to acquire entitlements or New Shares or any other financial product and neither this presentation nor any of the information contained herein shall form the basis of any contract or commitment. The distribution of this Presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Not for release or distribution in the United States

This Presentation and the announcement to which it is attached may not be released or distributed in the United States. In particular, this Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the securities have been registered under the U.S. Securities Act (which Ovato has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

Investment Risk

An investment in shares in Ovato is subject to known and unknown risks, some of which are beyond the control of Ovato, including possible loss of income and principal invested. Ovato does not guarantee any particular rate of return, repayment or the performance of Ovato, nor does it guarantee any particular tax treatment. Investors should have regard to (amongst other things) the risk factors outlined in this Presentation when making their investment decision. See the "Key Risks" section of this Presentation for certain risks relating to an investment in Ovato shares.

No investment or financial product advice

The information contained in this Presentation does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire New Shares and does not and will not form the basis of any contract or commitment for the acquisition of New Shares. This Presentation has been prepared without taking into account the investment objectives, financial position or needs of any particular individual. Before making an investment decision, prospective investors should consider the appropriateness of the information (including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Ovato and the values and the impact that different future outcomes may have on Ovato) having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. Ovato is not licensed to provide investment or financial product advice in respect of Ovato shares. Cooling off rights do not apply to the acquisition of New Shares pursuant to the Entitlement Offer.

IMPORTANT NOTICE AND DISCLAIMER

Future performance and forward looking statements

This Presentation contains certain forward looking statements and comments about future events, including Ovato's expectations about the performance of its businesses, the effect of the funds raised under the Entitlement Offer on those businesses and the future performance of Ovato. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements and include statements in this Presentation regarding the conduct and outcome of the Entitlement Offer, the use of proceeds, the future performance of Ovato and Ovato's outstanding debt.

You are cautioned not to place undue reliance on any forward looking statement, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. While due care and attention has been used in the preparation of forward looking statements, forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Ovato, its directors and management. A number of important factors could cause Ovato's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including the risk factors described in the "Key Risks" section of this Presentation. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. Specifically FY21 and FY22 earnings contained in this presentation are an estimate and there can be no assurance that Ovato will achieve the results indicated.

Ovato disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Past Performance

Past performance in this Presentation is given for illustrative purposes only and should not be relied upon (and is not) an indication of future performance including future share price information. Historical information in this Presentation relating to Ovato is information that has been released to the market. For further information, please see past announcements released to ASX.

Financial data

All dollar values are in Australian dollars (\$) or AUD) unless stated otherwise. All references starting with "FY" refer to the financial year for Ovato, ending 30 June. For example, "FY20" refers to the financial year ending 30 June 2020.

Investors should note that this presentation contains pro forma financial information. The pro forma financial information and past information provided in this presentation is for illustrative purposes only and is not represented as being indicative of Ovato's view on Ovato's nor anyone else's, future financial condition and/or performance.

The pro forma historical financial information included in this presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Investors should be aware that certain financial data included in this presentation and the announcement to which it is attached are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and 'non-GAAP financial measures' under Regulation G of the U.S. Securities Exchange Act of 1934. These measures include NTA, FFO and AFFO. Such financial measures are not recognised under the Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS). Moreover, the disclosure of such non-GAAP financial measures in the manner included in this presentation and the announcement to which it is attached may not be permissible in a registration statement under the Securities Act. These non-IFRS/non-GAAP financial measures do not have a standardised meaning prescribed by the AAS and IFRS and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with the AAS and IFRS. Although Ovato believes these non-IFRS/non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of Ovato's business, readers are cautioned not to place undue reliance on any non-IFRS/non-GAAP financial measures included in this presentation and the announcement to which it is attached.

IMPORTANT NOTICE AND DISCLAIMER

Disclaimer

To the maximum extent permitted by law, Ovato, its related bodies corporate and affiliates, and their respective securityholders, officers, directors, employees, partners, agents or advisers, (Beneficiaries) and each of Wilsons Corporate Finance Limited and Aitken Murray Capital Partners Pty Ltd as partial underwriters to the Entitlement Offer (each an Underwriter) and each of their Beneficiaries expressly disclaim any and all liability. This includes, without limitation, any liability arising out of fault or negligence, for any direct, indirect, consequential or contingent loss or damage arising from the use of the information in this presentation and the announcement to which it is attached. This also includes, without limitation, any forward looking statements or opinions which may be subject to change without notice, and does not purport to be complete or comprehensive or having been obtained from or based on sources believed by Ovato to be reliable. This Presentation and the announcement to which it is attached does not purport to summarise all information that an investor should consider when making an investment decision. Statements made in this Presentation are made only at the date of the Presentation. Ovato is under no obligation to update this Presentation. The information remains subject to change by Ovato without notice. The Underwriters and their respective Beneficiaries make no recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning the Entitlement Offer, and you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of their respective Beneficiaries in relation to the Entitlement Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them. Investors acknowledge and agree that determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Ovato and/or the Underwriters and their respective Beneficiaries, and each of Ovato and the Underwriters and their respective Beneficiaries disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law. The Underwriters and their respective Beneficiaries may rely on information provided by or on behalf of institutional investors in connection with managing, conducting and underwriting the Entitlement Offer and without having independently verified that information and neither the Underwriters nor their respective Beneficiaries assume any responsibility for the accuracy or completeness of that information.

Neither the Underwriters, nor any of their or Ovato's respective Beneficiaries have authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Presentation or the announcement to which it is attached and do not make or purport to make any statement in this Presentation or the announcement to which it is attached and there is no statement in this Presentation or the announcement to which it is attached which is based on any statement by any of them. To the maximum extent permitted by law, the Underwriters and each of their respective Beneficiaries take no responsibility for any part of this Presentation and the announcement to which it is attached or the Entitlement Offer. The Underwriters and each of their respective Beneficiaries make no recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning the Entitlement Offer, and you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of their respective Beneficiaries in relation to the Entitlement Offer. The Underwriters and their respective Beneficiaries may have interests in the Ovato ordinary securities. Further, they may act as market maker or buy or sell Ovato ordinary securities or associated derivatives as principal or agent. The Underwriters will also receive fees for acting in their partial capacity as underwriter of the Entitlement Offer. You acknowledge that the Underwriters and their respective Beneficiaries are not acting or responsible as a fiduciary, agent or similar capacity to you, your officers, employees, consultants, agents, partners, securityholders, creditors or any other person. You agree that you are responsible for making your own independent judgments with respect to any matters contained in this presentation or the announcement to which it is attached.

TABLE OF CONTENTS

01	02
Executive summary	Operations overview and go forward strategy
Page 6	Page 17
03	04
Entitlement offer details	Appendix
Page 28	Page 33

01

EXECUTIVE SUMMARY

OVERVIEW OF OVATO PROPOSED RESTRUCTURE

As announced to the ASX on 12th November 2020, a restructure has been proposed for Ovato Limited ('Ovato', 'OVT' or the 'Company') which includes a \$40 million equity capital raise (up to \$35 million and at least \$32.2 million underwritten), Creditors' and Members' Schemes of Arrangement (the 'Schemes'), and other financing and operational initiatives. These initiatives are expected to reset the Company for a more sustainable operating future.

Elements of Proposed Restructuring

	\$40 million equity capital raise The equity capital raise will result in significant dilution of existing shareholders who choose not to take up their entitlements		\$17 million new (replacement) debt facility Negotiations underway with a third party to provide a new secured debt facility to replace the existing bank guarantee facility
	Financiers'/creditors write downs, deferrals and repayment/conversion Negotiations underway for debt forgiveness/deferral and equity conversions		Operational initiatives Various initiatives, including closure of Clayton facility, being implemented to improve the financial and operating outlook of the Company
	EBA restructure and workforce rationalisation A new EBA came into effect on 13 November 2020 which provides OVT significantly more flexibility and cost savings moving forward		Exit onerous leases Negotiations underway to exit onerous leases and secure forgiveness of certain lease liabilities as well as equity conversions

The Underwriting Agreement is subject to a number of conditions related to the completion of other aspects of the proposed restructure – see pages 9 and 12. The Creditors' Scheme is conditional on Ovato raising a minimum of \$30 million through the issue of new shares. If the conditions to the Underwriting Agreement are not satisfied or waived by the Underwriters, the Underwriting Agreement may be terminated and Ovato may not be able to satisfy that condition of the Creditors' Scheme. It is expected that the status of the Underwriting Conditions (other than court approval of the Creditors' Scheme) will be known by the close of the Entitlement Offer. Ovato will update the market as to the status of those conditions at that time. If those conditions have not been satisfied at that time, Ovato reserves the right to withdraw the Entitlement Offer. If Ovato does withdraw the Entitlement Offer, the Entitlement Offer will not complete and all application monies will be returned to those eligible shareholders who have taken up their entitlements.

EQUITY CAPITAL RAISING OVERVIEW

Company restructure	<ul style="list-style-type: none"> Ovato is a leading, integrated print, distribution and marketing company. The Company's vision is to create a smarter and sustainable business providing integrated marketing services that turn audiences into customers A restructure of the Company has been proposed to reset the business with the aim of improving its financial and operational outlook
	<ul style="list-style-type: none"> Ovato is undertaking a 10.93 for 1 pro rata entitlement offer ('Entitlement Offer') at \$0.005 per share ('Offer Price') to raise approximately \$40.0m Entitlements not taken up and entitlements that would have been offered to ineligible shareholders, will be sold in a bookbuild that is expected to be conducted by the Underwriters on Friday, 18 December 2020 ('Bookbuild')
	<ul style="list-style-type: none"> Up to \$35.0m (and at least \$32.2m) of the total Entitlement Offer size of \$40.0m has been underwritten by Wilsons Corporate Finance Limited (ACN 057 547 323) ('Wilsons') and Aitken Murray Capital Partners Pty Limited (ACN 169 972 436) ('AMCPS') (together the 'Underwriters') Major shareholder, the Hannan family (comprising of Sayman Pty Ltd as trustee for the Lindsay Hannan Family Trust, Michael Hannan, James Hannan, Adrian O'Connor and Richard O'Connor, collectively the 'Hannan Family'), has agreed to sub-underwrite \$25.0m of the Entitlement Offer (under the Entitlement Offer the Hannan Family will have entitlements to New Shares valued at \$21.5m) Are Media Pty Ltd ('Are Media') has agreed to sub-underwrite up to \$10.0m of the Entitlement Offer. The extent of Are Media's sub-underwriting is subject to FIRB approval. If Are Media's final share allocation as sub-underwriter is reduced due to FIRB approval not having been obtained at the time the Entitlement Offer settles (in which case Are Media will be allocated a maximum of 19.99% of the diluted Ovato share capital post the Entitlement Offer and the underwritten amount will be \$32.2m instead of \$35.0m), the relevant number of unallocated shares will be placed to Are Media in approximately Q1 2021, when it is expected that the limitation will not be breached, and subject to any required shareholder vote or other regulatory requirements
Partial underwriting	<ul style="list-style-type: none"> Shareholders should note that the Underwriting Agreement (and underlying Sub-Underwriting Agreements) are subject to a number of conditions (together the 'Underwriting Conditions') Shareholders should review this presentation for details on Underwriting Conditions, as well as the key risks of the Entitlement Offer outlined in the Appendix
	<ul style="list-style-type: none"> The proceeds from the Entitlement Offer, together with approximately \$17.0m from a new (replacement) debt facility, will be applied towards the exit of onerous leases, cash backing of remaining bank guarantees, operational initiatives, headcount rationalisation, repayment on overdraft facility, the payment of transaction fees and the availability of new balance sheet working capital liquidity These uses of capital will significantly strengthen the Company's balance sheet by reducing leverage and providing additional financial flexibility Based on the Company's 31 October 2020 balance sheet, post the Entitlement Offer (and assuming a \$40.0m final amount raised) and based on current assumptions regarding future outcomes of negotiations with financiers / creditors, landlords and other stakeholders regarding the Company's restructure, the Company's net debt excluding specific onerous lease liabilities will be \$37.8m, and \$44.6m including specific onerous lease liabilities
	<ul style="list-style-type: none"> As noted above, major shareholder, the Hannan Family, is sub-underwriting \$25.0m of the Entitlement Offer
Major shareholder and Director participation	<ul style="list-style-type: none"> If the entire \$25.0m is taken up by the Hannan Family, this will result in their shareholding increasing from 53.8% to between 61.8% and 75.3%, dependent on the final amount raised between \$40.0m and \$32.2m (and pre reduction resulting from proposed debt to equity conversions in Q1 2021) In addition, each of the Directors who hold Shares in Ovato and the CEO intend to participate in the Entitlement Offer and fully (except for Dhun Karai, who will partly) take up their entitlements. Being both a Director and a Hannan Family member, Michael Hannan will be participating in the Entitlement Offer through his sub-underwriter role

KEY UNDERWRITING CONDITIONS

- The Underwriters' obligations in respect of the Offer are subject to all Underwriting Conditions being either satisfied or waived, including that the Schemes are approved by the Court
- It is expected that the final satisfaction or waiver of the Underwriting Conditions (other than Court approval of the Schemes) will be known by the close of the Entitlement Offer on 17 December 2020.
- The final Court hearing of the Schemes is scheduled for Friday, 18 December 2020
- The Entitlement Offer is therefore opening and closing before it will be known whether the Underwriting Condition requiring Court approval of the Schemes will be satisfied
- If all of the Underwriting Conditions are not satisfied or waived in full, the Offer may not complete
- The key Underwriting Conditions are:
 - All Schemes receiving court approval (outcome expected to be known on Friday, 18 December 2020)
 - Underwriting Conditions relating to the restructure of Ovato, including those set out below which must be satisfied or waived by Wednesday, 16 December 2020

Conditions

- Ovato undertaking to repay ANZ as the first ranking secured lender to Ovato
- a compromise and agreement for a conversion of debt to equity with the noteholders of secured, but subordinated, notes issued by Ovato
- ANZ and Scottish Pacific (current provider of a receivables financing facility to Ovato) consenting to the Schemes
- a financier lending approximately \$17.0m in additional funds to Ovato
- a compromise or arrangement of the debt owing to Commerzbank (an equipment finance lender to Ovato)
- various landlords to Ovato agreeing to compromises to their respective leases

- If all Underwriting Conditions are either satisfied or waived, and the Underwriting Agreement is not terminated, the Entitlement Offer is expected to complete on Wednesday, 23 December 2020

Settlement of

- **Entitlement Offer** If all Underwriting Conditions are not satisfied or waived, and the Underwriting Agreement is terminated, Ovato may withdraw the Entitlement Offer in which circumstance application monies will be returned to subscribing shareholders

- Eligible shareholders who take up their entitlement in full may also apply for additional New Shares at the Offer Price in excess of their entitlement under the Top Up Facility

Top Up Facility

- The number of any additional New Shares will be limited to the number of New Shares for which valid applications are not received before the Entitlement Offer closes and the number of New Shares which would have been offered to ineligible shareholders, had they been eligible to participate in the Entitlement Offer
- The Underwriters have been appointed as broker to the Entitlement offer to undertake a back-end bookbuild to sell entitlements not taken up and entitlements that would have been offered to ineligible shareholders

- The Underwriters will invite applications for shortfall securities, at a price which is not less than the Offer Price, from institutional and/or sophisticated investors

Shortfall Bookbuild

- If the bookbuild does not realise any value for the entitlements, eligible shareholders who applied for additional New Shares under the Top Up Facility will be given priority for allocation of shortfall securities
- Any New Shares not placed through the Bookbuild will, subject to the Underwriting and Sub-Underwriting Agreements, be acquired by the Sub-Underwriters
- The amount realised for Entitlements sold in the Bookbuild (if any) will be distributed to renouncing or ineligible shareholders

RESTRUCTURE COST SAVINGS FROM HEADCOUNT AND PROPERTY

10

Redundancy and onerous lease costs have historically consumed significant OVT cashflows. As part of the proposed restructure, headcount will be rationalised and OVT has already commenced operation of a new EBA that significantly reduces go-forward redundancy costs and provides operational flexibility. A number of onerous property leases are also being negotiated to be settled and exited.

Redundancy terms for 'blue collar' (non-NES) Australian workers

- A new enterprise bargaining agreement ('EBA') relating to the majority of the Company's blue collar workers commenced on 13 November 2020
- A key outcome of the new EBA is a reduction of required redundancy costs, which has hindered labour downsizing initiatives in the past and consumed substantial Company cashflow. The new EBA allows Ovato to respond in a more cost effective way to future fluctuations in staffing requirements
- Under the new EBA, all future redundancy costs will reduce by more than 50% compared to the previous EBA and greater flexibility has been obtained relating to the use of casual labour and the changing of shift structures to manage seasonal volumes in the industry

Headcount rationalisation cost savings

- As a result of the planned closure of heat-set printing operations at the Clayton site, headcount rationalisation will take place impacting employees working at the site (primarily across the Print Australia operations) and the heat-set production at the site is expected to cease before Christmas 2020
- A total of approximately 300 staff will be impacted due to the closure of the Clayton site and broader rationalisation including off-site head office and support function employees
- The employee expense cost that is expected to be saved as a result is approximately \$25.0m per annum

Restructuring of property leases

- As part of the proposed restructure, Ovato plans to exit a number of leases/sites which will significantly reduce annual lease costs and onerous lease liabilities
- The leases being exited or renegotiated are either linked to sites that are already mostly subleased (but at less than Ovato's head lease cost) and that are no longer required by the Company or relate to the Clayton site with its heat-set printing operations ceasing and production being moved to Warwick Farm
- The restructuring of property leases will lead to a reduction in recurring rental payments. Closure of heat-set printing operations at Clayton will result in a reduction of Ovato's production capacity allowing for a re-alignment of market supply with demand and provide for more stable pricing
- Negotiations with landlords remain ongoing, but current indications are that Ovato may secure net lease savings¹ of c. \$6.8m p.a., and a reduction of c. \$26.0m in related property balance sheet liabilities

Note 1: Net lease savings refers to the cost of the lease to Ovato after subtracting the income from sub leases and the proportion of the premises/lease required for go-forward Retail Distribution operations.

FINANCIER/CREDITOR PROPOSED COMPROMISES (INCLUDING WRITE OFFS, DEFERRALS, EQUITY CONVERSIONS)

As part of the restructure, compromises are required with various Company financiers / creditors. Compromises may include debt write offs, deferrals and conversion into equity (at the same price per share as the Entitlement Offer). Negotiations are ongoing. Any final conversion to equity would also remain subject to a shareholder vote in approximately Q1 2021.

Proposed compromises (still being negotiated or finalised)

Noteholders (Corporate bond)		Amount (\$'m)
Current facility		40.0
Proposed write off		(25.0) ¹
Future debt to equity conversion		(15.0) ²
Remaining facility		-
Lidcombe lease		Amount (\$'m)
Current liability		6.4
Proposed write off		(4.0) ³
Future debt to equity conversion		(2.4) ²
Remaining liability		-
Equipment finance (Commerzbank)		Amount (\$'m)
Current facility		23.5 ⁴

Comments to proposed write offs and debt to equity conversions

- Negotiations are ongoing. Final proposed compromise will be voted on by noteholders in advance of the settlement of the Entitlement Offer. A Noteholder compromise is an Underwriting Condition.
- Current proposed compromises include convertibility into equity of written down notes liability and the written down Lidcombe lease liability (at the Offer Price). Final equity conversion will remain subject to the approval of OVT shareholders post the settlement of the Entitlement Offer. If the Entitlement Offer completes, an extraordinary general meeting ('EGM') is expected to occur in approximately Q1 2021 for shareholders to vote. If shareholders do not approve conversion into equity, the remaining value of the notes (at the written down value) and the remaining value of the Lidcombe lease liability (at the written down value) will remain on the Company's balance sheet. If shareholders approve the conversion into equity, there will be a further issue of ordinary shares in Ovato. The exact number of such shares will be further described in the notice of meeting for the EGM. It is currently contemplated that a representative of Noteholders may be provided with an OVT board seat when the debt to equity conversion occurs.
- Negotiations are ongoing. A compromise with various landlords (including Lidcombe landlord) is an Underwriting Condition.
- To involve a compromise or arrangement of the debt owing to Commerzbank. A compromise with Commerzbank is an Underwriting Condition.

STATUS OF COUNTERPARTY DISCUSSIONS AND KEY UNDERWRITING CONDITIONS

12


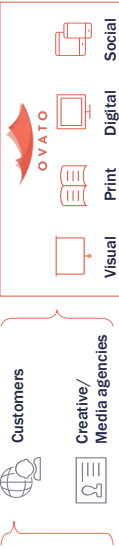
The Underwriting and Sub-Underwriting Agreements include conditions related to the outcome of negotiations with different Company stakeholders including financiers / creditors, landlords and potential providers of debt capital. If these conditions are not satisfied or waived by the Underwriter and Sub-Underwriters and the Underwriting Agreement is terminated, Ovato may withdraw the Entitlement Offer in which case the Entitlement Offer will not complete.

Stakeholder	Current position	Proposal and status
Trade creditors	<ul style="list-style-type: none"> Scheme is structured to include various trade creditors with balances over \$100k (9 creditors and c. \$12m of schemed payables) plus the ATO / OSR 	<ul style="list-style-type: none"> Proposal: Scheme proposes to write down c. \$12m of net trade creditor liabilities (gross liabilities less current calculated ROT) to c. \$6m. In addition, the scheme proposes a write down c. \$10m of ATO / OSR liabilities to c. \$5m Status: Trade creditors meeting on 7 December 2020 to vote on whether to approve the Scheme
Bond noteholders	<ul style="list-style-type: none"> \$40m corporate bond; second ranking security 	<ul style="list-style-type: none"> Proposal: Write down liability to \$15m and give consent to be able to convert remaining liability to equity by a further issue of ordinary shares in Ovato (such conversion being subject to a shareholder vote in approximately Q1 2021). Noteholders will vote on proposal prior to the Entitlement Offer closing Status: Circulating resolution to be despatched c. 2 December 2020
Scottish Pacific	<ul style="list-style-type: none"> Provides \$50m RFF facility; first ranking security¹ 	<ul style="list-style-type: none"> Proposal: RFF to be provided to the go-forward business on the same terms Status: Negotiations are ongoing
New \$17m secured debt facility	<ul style="list-style-type: none"> Financier being sought 	<ul style="list-style-type: none"> Proposal: New \$17m secured debt facility being sought to replace the existing bank guarantee facility Status: Non-binding terms sheet has been agreed. Credit provider due diligence is ongoing with target date for binding facility agreement to be executed by 16 December 2020
Commerzbank	<ul style="list-style-type: none"> Provides c. \$24m in equipment finance facilities; secured over specific printing presses 	<ul style="list-style-type: none"> Proposal: To involve a compromise or arrangement of the debt owing to Commerzbank Status: Negotiations are ongoing
Landlords	<ul style="list-style-type: none"> Six leases (across five landlords) identified to be exited as part of the go-forward Ovato c. \$14.9m in bank guarantees held across these leases c. \$30.4m in net lease tail liabilities related to these leases (c. \$8.3m p.a. in net rent payments) 	<ul style="list-style-type: none"> Proposal: Early surrender and discounted settlement of onerous/not required leases. Lidcombe lease tail settlement proposal to involve a write down and consent to be able to convert remaining liability to equity by a further issue of ordinary shares in Ovato (such conversion being subject to a shareholder vote in approximately Q1 2021) Status: Negotiations are ongoing

Note 1: Scottish Pacific and ANZ share the first ranking security charge. Scottish Pacific hold first ranking security over Australian receivables and ANZ ranks second. ANZ hold first ranking security over other assets and Scottish Pacific ranks second.

THE 'RESET' BUSINESS POST RESTRUCTURE

Ovato believe the key initiatives being implemented as part of the restructure will 'reset' Ovato's operations and balance sheet to improve the ongoing stability and financial performance of the Company.

Status and 'Reset' Ovato	
Key initiatives	<ul style="list-style-type: none"> Downward trend in industry volumes has been accelerated by COVID-19 and customer uncertainty particularly in retail space, with oversupply now prevalent in the market, leading to reduced pricing on any new and existing print work Planned closure of Ovato's Clayton print facility expected to result in a material reduction in excess print capacity; improvement in operating efficiencies by reducing fleet size; and a significant reduction in costs through headcount rationalisation and removal of premises rent and ancillary costs Ovato has previously operated under an outdated EBA that limited workforce flexibility A new EBA came into effect on 13 November that provides new casual workforce and shift structure flexibility and lower redundancy cost requirements There are currently 'above market' and/or onerous legacy leasing agreements secured by material bank guarantees The Company is currently negotiating with landlords to exit or renegotiate certain leases
Consolidate production capacity and improve operating efficiencies	<ul style="list-style-type: none"> EBITDA (pre AASB16) fell from c. \$30.8m in FY19 to c. \$9.2m in FY20 (including c. \$12.2m of JobKeeper) Net cashflow (including onerous leases and significant items) in FY19 was negative \$12.4m and negative \$27.8m in FY20 Despite materially lower print volumes and the phasing out of JobKeeper, EBITDA is expected to improve and return to positive as the lower and more flexible cost base from the closure of Clayton and new EBA improve profitability
Reduce cost base and provide flexibility to downsize further	<ul style="list-style-type: none"> Historically worsening financial performance coupled with growing 'below the line' cost items has led to a deterioration in net debt levels (up to \$72.9m) and leverage (up to 7.9x FY20A EBITDA) Trade working capital position fell from \$45.3m in June 2019 to \$13.4m at June 2020 due to strong inventory management in conjunction with payments to trade creditors being pushed out to improve liquidity The recapitalisation is targeted to: materially reduce debt (through repayment and negotiated settlement of interest bearing liabilities), improve the working capital position through certain debt forgiveness from creditors, and provide additional liquidity to stabilise the balance sheet
Return the business to material positive cash flow	
De-lever balance sheet to sustainable level	
Transition to digital	<ul style="list-style-type: none"> Positive EBITDA contribution from Marketing Services with Management targeting continued growth for the business Company currently lacks the capital backing and IP/systems to aggressively grow in the attractive Marketing Services segment, but post restructure will have an improved ability to do so <div>   </div>

INDICATIVE CAPITAL STRUCTURE POST EQUITY RAISE AND RESTRUCTURE

The restructuring initiatives are targeted at stabilising the business' operations and are expected to result in a stronger and more sustainable balance sheet. Negotiations remain ongoing with counterparties and final compromises / outcomes are not yet known. The below provides an indicative view of what OVT's pro-forma net debt may be post the conclusion of negotiations and the Company restructure (based on the October-20 balance sheet).

Capital structure at 31 October 2020

Cash	(\$12.4 million)
Overdraft	\$3.5 million
RFF	\$25.5 million
Equipment finance	\$23.5 million
Bond	\$40.0 million
New senior secured facility	-
Net debt	\$80.1 million
Specific onerous lease liabilities ¹	\$30.4 million
Net debt + specific lease liabilities	\$110.5 million

Indicative pro-forma restructured capital structure post equity raising and post debt conversions (as at October-20)

Cash (pre transaction costs)	(\$43.2 million)
Overdraft	-
RFF	\$25.5 million
Equipment finance	\$23.5 million
Bond	-
New senior secured facility	\$17.0 million
Net debt	\$22.8 million
Specific onerous lease liabilities ¹	\$4.4 million
Net debt + specific lease liabilities	\$27.2 million

Restructure

 \$40.0m equity raise
 \$17.0m new (replacement) secured debt facility
 EBA restructure and workforce rationalisation
 Financier/creditor compromises
 Exit onerous leases and rationalise sites
 Operational initiatives

Note 1: Onerous leases refers to those leases expected to be exited as part of the restructure.

Note 2: Subject to the timing of repayment of trade creditor balances required as part of the Schemes, the payment of which has not been included in the indicative pro-forma (post conversion) cash balance above, and the seasonal build of working capital towards Christmas

DETAILED INDICATIVE NET DEBT MOVEMENTS

Negotiations remain ongoing with counterparties and final compromises and outcomes are not yet known. The below table provides an indicative view of what the Company's pro-forma net debt may be post the conclusion of negotiations and the Company restructure (assuming \$40.0m is the final amount of equity raised). Final conversion of certain liabilities will be subject to shareholder vote in Q1 2021.

Ovato Group – current vs. indicative pro-forma net debt

	October-20	Capital raise movements	Pro-forma (pre-conversion) (as at Oct-20)	Debt to equity conversion	Pro-forma (post-conversion) (as at Oct-20)	Pro-forma post debt to equity conversion (as at Oct-20) illustrative only.
Cash	(12.4)	(30.8)	(43.2)	-	(43.2)	1 2
Overdraft facility	3.5	(3.5)	-	-	-	1
Receivables financing facility	25.5	-	25.5	-	25.5	
Commerzbank equipment finance	23.5	-	23.5	-	23.5	3
Corporate bond	40.0	(25.0)	15.0	(15.0)	-	4
New senior secured facility	-	17.0	17.0	-	17.0	5
Net debt	80.1	(42.3)	37.8	(15.0)	22.8	
Specific onerous lease liabilities	30.4	(23.6)	6.8	(2.4)	4.4	5
Net debt + specific lease liabilities	110.5	(65.9)	44.6	(17.4)	27.2	

Note 1: Approximately \$34.3m additional liquidity to be received from the capital raising (assuming \$40.0m is the final amount of equity raised and a new \$17.0m senior secured facility is fully drawn) which includes \$7.0m to repay overdraft (assumed fully drawn) and \$27.3m additional liquidity post other cash costs of c. \$22.7m. Pro-forma cash above is calculated on the basis the October-20 overdraft drawings are fully repaid and the remaining liquidity is allocated to cash. Subject to the timing of repayment of trade creditor balances required as part of the Schemes, the payment of which has not been included in the indicative pro-forma (post conversion) cash balance above, and the seasonal build of working capital towards Christmas

Note 2: In December 2020 net debt is subject to change for working capital movements and timing of repayment of trade creditor balances included in the proposed Schemes

Note 3: It is assumed that a compromise or arrangement is reached with Commerzbank regarding the \$23.5m of equipment finance.

Note 4: Corporate bond is written down to \$15.0m as part of the Scheme. It is expected that the remaining \$15.0m will be converted to equity after a shareholder EGM (to occur in Q1 2021)

Note 5: Onerous leases refers to those leases expected to be exited as part of the restructure. The new \$17.0m senior secured facility is fully drawn upon scheme implementation to fund the settlement of onerous leases. Onerous leases are exited as part of the scheme via landlord settlements. Per latest discussions, it is assumed that lease liabilities of c. \$26.0m, supported by bank guarantees of c. \$9.9m, are removed as part of these landlord settlements. The current Lidcombe lease liability will be discounted and then remain on-foot until the shareholder EGM (expected to occur in Q1 2021) where the lease liability is expected to be converted to equity.

RESTRUCTURED OVATO INDICATIVE INCOME STATEMENT

16

Based upon the various financial and operational initiatives and assumptions comprising the restructure plan for Ovato, earnings of the Company are expected to significantly improve.

Forecast restructured EBITDA (pre-significant items)(post-AASB16)

- All figures shown below are subject to underlying assumptions regarding the execution of restructuring and operational initiatives

	FY21 ^{1,2}	CY21 ^{3,4}
EBITDA	31 - 35	41 - 45
EBITDA - JobKeeper	(16)	-
Adjusted EBITDA	15 - 19	41 - 45

Note 1: FY21 EBITDA includes \$16.3m of JobKeeper income.

Note 2: The financial forecast for FY21 has been done by each of the business units undertaking the usual detailed forecast process around sales, costs and key cashflow items. It has assumed impact of Covid-19 reduces in H2 FY21. The impacts of the proposed schemes of arrangement, equity recapitalisation, debt compromises and costs savings from the closure of Clayton and other operational initiatives have been overlaid on top of the base case forecast.

Note 3: CY21 has no JobKeeper income.

Note 4: H1 FY22 forecast has been prepared at a corporate level (rather than through the individual business units) based on anticipated sales behaviour in a normalised post-Covid 19 environment and overlaying the expected cost benefits of the Schemes. 1H FY22 EBITDA includes the anticipated impact of restructuring initiatives, including headcount rationalisation, closure of Clayton, exit of onerous leases and other strategic initiatives.

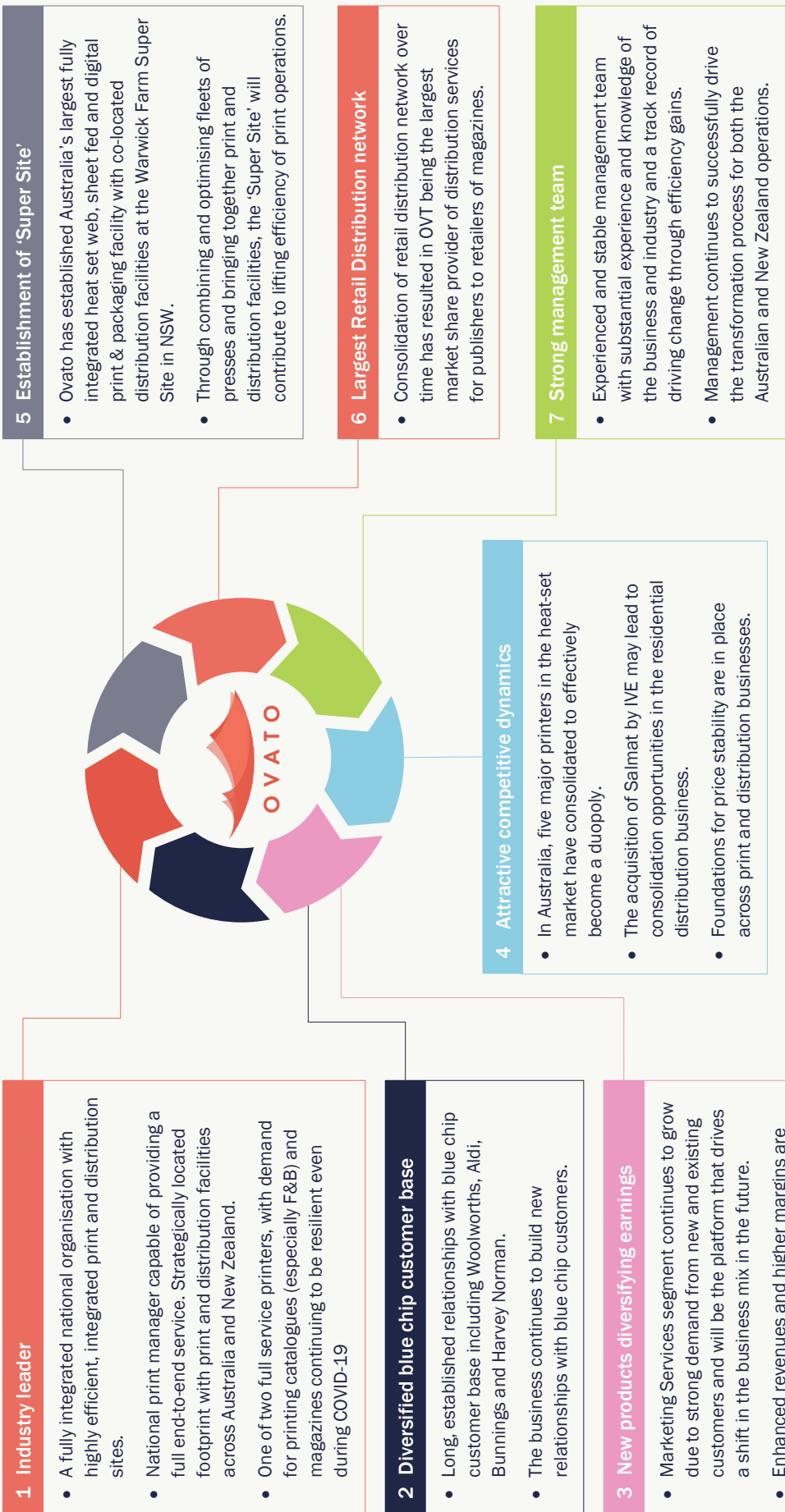
Note 5: EBITDA is before significant items and post-AASB16.

Note 6: "FY" denotes the Company's financial year from 1 July of a year to 30 June the following year, and "CY" denotes a calendar year from 1 January to 31 December

02

OPERATIONS OVERVIEW AND GO FORWARD STRATEGY

BUSINESS HIGHLIGHTS



CORPORATE PROFILE

Overview

- The company was listed on the ASX in 1991. In 2017, PMP Limited merged with IPMG Holdco Pty Limited, combining two businesses with a long and distinguished history going back for over 100 years.
- Post merger, Ovato is one of two national integrated print and distribution companies in Australia and New Zealand, producing catalogues, magazines, newspapers and books. Ovato Print and Distribution sites are located strategically in major cities.
- Ovato has a range of marketing related services it provides to its customers including creative design, brand strategy, business consulting, marketing automation, photography, videography, point-of-sale, public relations and content creation.

Board members



Michael Hannan
Chairman



Dhun Karai
Non-Executive Director



Andrew McMaster
Non-Executive Director



Kevin Slaven
MD and CEO

Management team



James Hannan
Chief Operating Officer



Geoff Stephenson
Chief Financial Officer



Brendan Straw
Chief Sales Officer



Paul Gardiner
MD, New Zealand



Alistair Clarkson
Company Secretary & General Counsel

BUSINESS OVERVIEW

Leveraging Ovato's national Print and Distribution platform and diverse blue chip customer base is expected to accelerate the continued growth of the Marketing Services division.

Ovato Limited

FY20A Sales Revenue \$539.3m | FY20A EBITDA \$32.4m

Australian operations

Sales Revenue \$449.3m | EBITDA \$31.2m

Print Australia

Sales Revenue \$280.5m

- Commercial printing
- Catalogue printing
- Mass market and special interest magazine and newspaper printing
- Packaging

Marketing Services

Sales Revenue \$26.6m

- Portfolio of marketing services businesses which offer integrated marketing campaigns, public relations and brand marketing
- Services include creative design, photography, content, communications and strategy

Residential Distribution

Sales Revenue \$60.4m

- Mass and targeted catalogue delivery
- Product sample and delivery
- Newspaper delivery

Retail Distribution

Sales Revenue \$50.9m

- Distribution of magazines to retailers

Ovato Books

Sales Revenue \$30.8m

- Book printer
- Specialise in mono paperback and hardback read for pleasure book market

New Zealand operations

Sales Revenue \$90.0m | EBITDA \$1.2m

Print New Zealand

- Commercial and catalogue printing
- Mass market and special interest magazine and newspaper printing
- Sheetfed printing

Residential Distribution

- Mass and targeted catalogue delivery
- Product sample and delivery
- Newspaper delivery

Retail Distribution

- Distribution of magazines to retailers

Note: EBITDA figures are post-AASB16

LONG TERM BLUE CHIP CUSTOMER RELATIONSHIPS

24

Ovato has long, established relationships with a blue chip customer base including Woolworths, Aldi, Bunnings and Harvey Norman. The Company continues to build strong relationships with new Tier 1 customers.

Customer examples		Customer	Length of relationship
      	                	Woolworths	~16 years
	           	Aldi	~8 years
	           	Harvey Norman	~21 years
	           	Bauer Media	~16 years
	           	News Life Media	~16 years
	           	Metcash	~16 years
	           	Medium Rare Content Agency	~5 years
	           	Bunnings	~16 years
	           	Officeworks	~6 years

OVT GO-FORWARD STRATEGY

22

Ovato's operational strategy centres on leveraging its end-to-end pre-media, print and distribution services across its existing blue chip customer base, while keeping a strong focus on operational efficiencies and cost control.

01

Pre-media, campaign and data analytics

Relevant Business Units:
Marketing services

At the forefront of a successful retailing campaign is idea generation leading to customer engagement. Ovato has long, established relationships with its blue chip customer base.

Developments in data and technology create an opportunity to grow the breadth of Ovato's marketing products and increase the perception of the value the Company brings to these customers.

The recent development of APS software is expected to allow OVT to compete against established players

02

Print services

Relevant Business Units:
Print AU | Print NZ | Books

Ovato's core print and distribution business remains the foundation of retail marketing – the catalogue is the fundamental driver of sales in store for key clients.

Ovato's focus is on Tier 1 retailers with consistent demand for print and integrated marketing solutions for whom Ovato's unique footprint is critical in achieving the customer "time to market" deadlines.

03

Distribution channel to end market

Relevant Business Units:
Retail distribution | Residential distribution

Ovato is the largest distributor of printed products into retailers and one of only two distributing printed catalogues direct to home.

Distribution completes the service from idea generation to print and into the consumer's home.

Investment in data analytics allowing ROI and targeted mapping for each campaign strengthens OVT's competitive advantage and provides further support for the Marketing Services business.

04

Focus on cost and operating efficiencies

Relevant Business Units:
All Print and Distribution

Management expect to extract significant synergies from the recent NSW site consolidation at Warwick Farm and the proposed closure of Clayton. OVT's new EBA will also allow additional go-forward cost savings to be achieved.

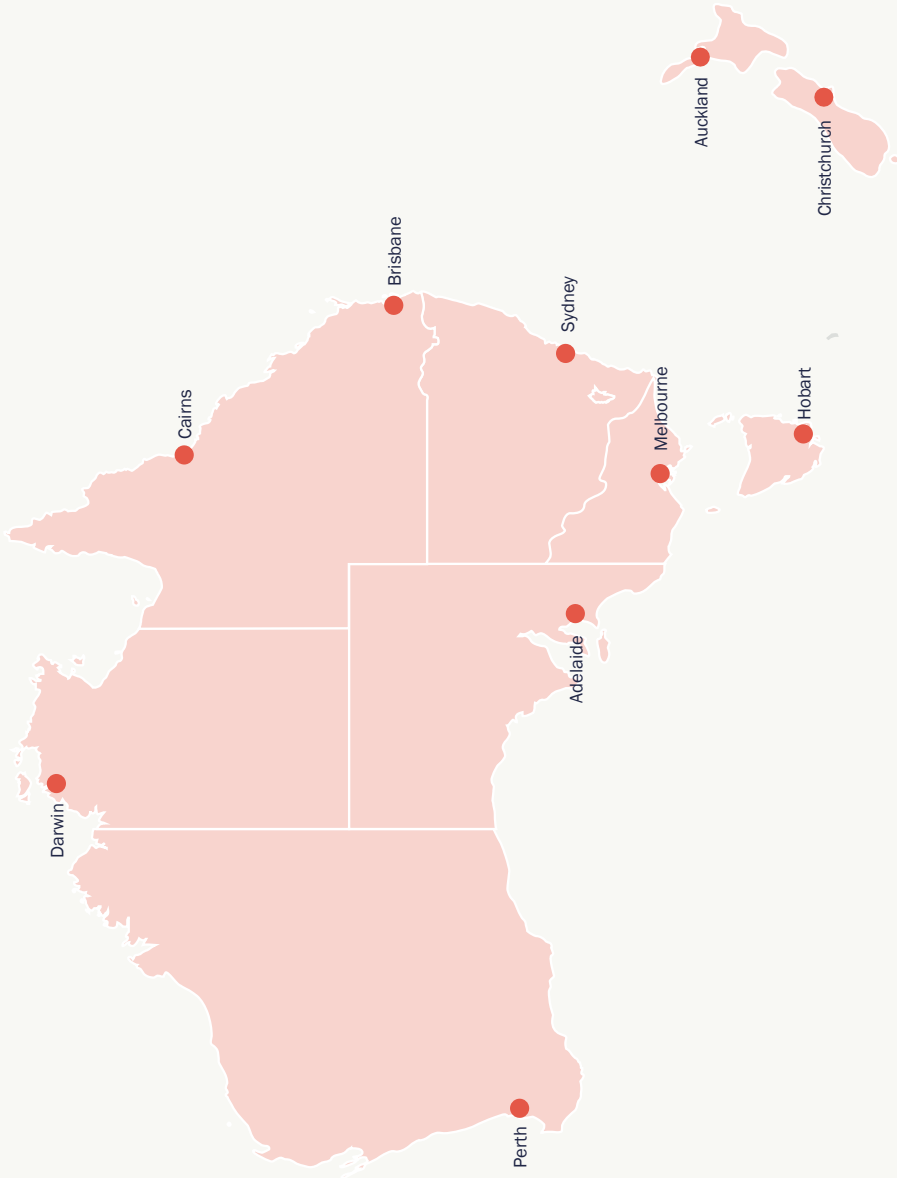
Ongoing strategic initiatives continue to identify further efficiencies to offset the impact of declining revenues in the Print division including:

- joint ventures with other participants;
- simplification of inventory SKUs;
- consolidation of suppliers.

GO-FORWARD LOCATIONS AND PRINT SERVICES

23

Ovato is a national provider of end-to-end marketing, print and distribution services with a strategic presence across Australia and New Zealand.



State	NSW	VIC	TAS	SA
Web presses	●			●
Digital presses	●			●
Sheetfed presses	●			●
Bindery	●			●
Mailhouse	●			
Distribution	●	●	●	●

● Go-forward operations

State	QLD	WA	NT	NZ
Web presses	●	●		●
Digital presses	●			●
Sheetfed presses	●			●
Bindery	●	●		●
Mailhouse	●			●
Distribution	●	●	●	●

● Go-forward operations

MARKETING SERVICES HAS SIGNIFICANT GROWTH POTENTIAL

24

Prior to the onset of COVID-19, Marketing Services had exhibited strong historical revenue and EBITDA growth driven via a proven scalable model. Management expect continued growth in cross-selling to Ovato's blue chip customer base, along with general industry and new customer growth.

Strong expectations for continued growth

✓	Continued cross-selling to Ovato's blue chip customer base The strength of Ovato's customer relationships and their demand for external marketing services provides a compelling growth opportunity
✓	Scalable SAAS platform built for growth Newly developed APS product with exceptional scalability that expands the customer lifecycle with recurring subscription-based revenue streams
✓	Full suite of end-to-end products Wide range of marketing products and services present a solution to all customers' marketing needs, creating a 'one stop shop'
✓	Recurring revenue streams Project driven revenue model developing long-term, dependable and recurring revenue
✓	Highly experienced management team Best-in-class management team with proven track record and extensive in-market experience

Segments and services

Communications: Full range of communication services from public relations, content creation and marketing, social media and digital support

Creative and Pre-Media: Offers speciality media production across a wide range of products to create bespoke brand advertising for clients through concept design, packaging, and digital content

Photography: Produce still and dynamic content with image manipulation and video editing capabilities offered both in its own studios and on-location

Technology solutions: An industry leader in technology based solutions using internally developed marketing automation tech to assist and grow client's brands

Digital Print: Dynamic and effective visual marketing for a broad range of mediums, i.e. catalogues, magazines, in-store, and campaign marketing, etc.

Selected customers







MARKETING SERVICES HAS SIGNIFICANT GROWTH POTENTIAL

As part of the growth strategy, the Company intends to utilise its newly developed specialist workflow technology that can produce and deliver unique marketing solutions to brands and advertisers.

Ovato Marketing Services offering

Provides a full range of communication services from public relations, content and content marketing, social media, digital support and enforceable undertakings	 ✓
Offers speciality media production across a wide range of products to create bespoke brand advertising for clients through concept design, packaging and digital content	✓
Produce still and dynamic content with image manipulation and video editing capabilities offered both in its own studios and on-location	✓
An industry leader in technology based solutions using internally developed marketing automation technology to assist and grow client's brands	✓
Dynamic and effective visual marketing for a broad range of mediums (e.g. catalogues, magazines, in-store and campaign marketing)	✓

Technology platforms

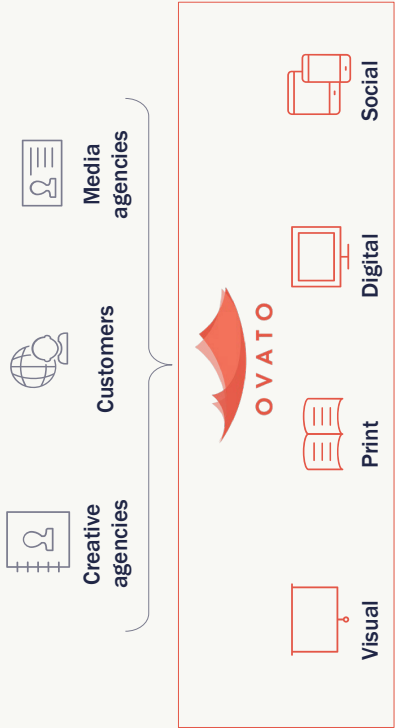
APS platform

- Workflow management tool to help automate the production of marketing content and material which can easily be integrated into existing e-commerce and inventory internal systems
- The platform greatly improves quality of product and speed to market

Traction next

- Enhancing customer loyalty with an email and competition platform
- Affordable and powerful lead generation tools to acquire new customers, obtain customer preferences and building a database

Ovato offers a broad range of marketing services for a diverse customer base



PRINT SERVICES – STRENGTHEN THE CORE

26

The strategic direction for the historical core of the Ovato business, Print services, is to develop a more financially flexible and market-driven division in order to protect longer term profitability. The restructure will be a key catalyst for this, delivering a step change in the manufacturing footprint, a resulting reduction in headcount and a more flexible workforce through a new Enterprise Agreement that has already commenced.



Enhanced flexibility for stable earnings and cash flows

- Pending closure of Clayton and rationalisation of approximately 300 blue collar and support staff across the Group
- New Enterprise Agreement has commenced with significantly reduced redundancy scales and greater flexibility to use casual labour and change shift structures allows for continued reduced labour costs
- Stable, long-term relationships with Australia and New Zealand's major retailers supports evolution of catalogue product with higher margin input for Ovato
- Current growth areas of Packaging with capabilities now being expanded into NSW
- Recovery in Book due to print-on-demand books in Victoria and onshoring of re-print volumes
- Recent investment in new state-of-the-art 80 page press at super site in NSW supports further capacity reduction in outer years



Market dynamics underpin future profitability

- Highly concentrated market in catalogue and magazine production in both Australia and New Zealand
- Reduction in capacity in line with any falls in demand will protect pricing and lead to inflationary increases in selling price over time
- Opportunity for future sharing of production facilities as demand warrants in different States
- Opportunity to expand into cold-set printing as newspaper publishers move away from manufacturing to concentrate on content publishing only

RETAIL AND RESIDENTIAL DISTRIBUTION

21

Retail Distribution's position as the largest distributor, and its proven ability to use its logistical platform to distribute product other than magazines, has supported historically stable earnings. Residential Distribution has lifted its market share significantly over the recent period.



Continued consistent earnings for Retail Distribution

- Unique position of being the only national distributor of magazines in both Australia and New Zealand
- Software and logistics systems very difficult to replicate and would require major investment of money and time by anyone else
- Further untapped growth opportunity with Market Hub business in enhancing product range for newsagency channel in Australia and launching similar business in New Zealand



Major player in Residential Distribution market

- Market share has increased significantly with the on-boarding of Aldi and Woolworths (onboarding in progress)
- Relationships with market leading partners allow the Company to leverage behavioural and transaction data to develop and measure audiences
- Recent investment in data has seen the development of a ROI tool which measures impact of catalogue on sales for retailers, and the development of data visualisation through the proprietary ATLAS platform
- Ability to handle addressed deliveries, product sampling and local newspaper deliveries through the network
- Future opportunity for enhanced data-driven localised and targeted delivery of product to letterbox

03

ENTITLEMENT OFFER DETAILS

ENTITLEMENT OFFER DETAILS

	<ul style="list-style-type: none"> Approximately \$40.0m offer by way of a 10.93 for 1 pro rata entitlement offer (up to \$35.0m and at least \$32.2m underwritten) Approximately 8,000,000 million Ovato fully paid ordinary shares to be issued ('New Shares') (assuming final amount raised of \$40.0m), which will represent approximately 91.6% of all Ovato shares on issue after completion of the Entitlement Offer Eligible shareholders will not be able to sell their entitlements on ASX and all entitlements not taken up and the entitlements that would have been offered to ineligible shareholders will be sold in the Bookbuild
Offer size and structure	
	<ul style="list-style-type: none"> Offer price of \$0.005 (0.5 cents) per New Share under the Entitlement Offer Offer Price represents a 61.5% discount to the one-month volume weighted average price ('VWAP') of Ovato shares to Monday, 30 November 2020, and a discount of 61.5% to the closing price of Ovato shares on Wednesday, 11 November 2020, being the day before the ASX announcement of the Company restructure
Offer Price	
	<ul style="list-style-type: none"> Major shareholder, the Hannan Family (with a current relevant interest of 53.8%), has sub-underwritten \$25.0m of the Entitlement Offer (under the Entitlement Offer, the Hannan Family will have entitlements to New Shares valued at \$21.5m) If the entire \$25.0m is taken up by the Hannan Family, this will result in their shareholding increasing from 53.8% to between 61.8% and 75.3%, dependent on the final amount raised between \$40.0m and \$32.2m (and pre reduction resulting from potential debt to equity conversions in Q1 2021) The Hannan Family will continue to have a controlling shareholding and the ability to pass ordinary shareholder resolutions, and if the Hannan Family's shareholding increases to 75.3%, will also be able to pass special shareholder resolutions. The Hannan Family has informed the other Directors that on the facts and circumstances presently known, they are supportive of the current direction of Ovato and do not currently intend to propose any major changes to its direction and objectives
Major shareholder sub-underwriting	
	<ul style="list-style-type: none"> New Shares issued under the Entitlement Offer will rank equally with existing Ovato shares
Ranking	
	<ul style="list-style-type: none"> The Entitlement Offer will be open to eligible shareholders in Australia and New Zealand <ul style="list-style-type: none"> The record date to determine individual shareholder eligibility will be Friday, 4 December 2020 (at 7:00pm Sydney time) The Entitlement Offer opens Tuesday, 8 December 2020 and is scheduled to close on Thursday, 17 December 2020 Shareholders will be able to apply for shares in excess of their entitlement pursuant to a top-up facility
Key dates of Entitlement Offer	
	<ul style="list-style-type: none"> Shareholders will be able to apply for shares in excess of their entitlement pursuant to a top-up facility
Joint Lead Managers and Underwriters	<ul style="list-style-type: none"> Wilsons and AMCPS are the Joint Lead Managers and Underwriters of the Entitlement Offer The Entitlement Offer is underwritten to an amount of up to \$35.0m and at least \$32.2m at the Offer Price

Note 1: Including any related entities.

OFFER TIMETABLE

Date ¹	Event
Tuesday, 1 December 2020	<ul style="list-style-type: none"> Announcement of Entitlement Offer to the market
Friday, 4 December 2020	<ul style="list-style-type: none"> Record Date for Entitlement Offer (7.00pm, Sydney time)
Tuesday, 8 December 2020	<ul style="list-style-type: none"> Entitlement Offer Information Booklet (and personalised Entitlement and Acceptance Form) despatched and lodged with ASX Letter to ineligible shareholders despatched and lodged with ASX Announcement made that Information Booklet (and personalised Entitlement and Acceptance Form) despatched Entitlement Offer opens
Thursday, 17 December 2020	<ul style="list-style-type: none"> Entitlement Offer closes (5.00pm Sydney time)
Friday, 18 December 2020	<ul style="list-style-type: none"> The Bookbuild is conducted Second court hearing on Creditors' Scheme of Arrangement
Monday, 21 December 2020	<ul style="list-style-type: none"> Announcement of result of court hearing for Creditors' Scheme of Arrangement known Confirmation of completion of Entitlement Offer (subject to court outcome)
Wednesday, 23 December 2020	<ul style="list-style-type: none"> If Entitlement Offer is completing, Settlement Date for Entitlement Offer If Entitlement Offer is not completing, process of returning application monies to subscribing shareholders to commence
Thursday, 24 December 2020	<ul style="list-style-type: none"> If Entitlement Offer is completing, issue date for New Shares under the Entitlement Offer
Tuesday, 29 December 2020	<ul style="list-style-type: none"> If Entitlement Offer is completing, quotation and normal trading of New Shares issued under the Entitlement Offer

Note 1: Dates and times are indicative only and subject to change without notice. Ovato reserves the right to alter the dates in this presentation at its discretion and without notice, subject to the ASX Listing Rules and Corporations Act 2001 (Cth). All dates and times refer to Sydney time

INDICATIVE SOURCES AND USES OF \$40M EQUITY RAISE AND \$17M DEBT RAISE

Sources of capital from the restructure comprise \$40.0m from the equity raise (with up to \$35.0m and at least \$32.2m underwritten) and \$17.0m from a new (replacement) debt facility. The total capital raised will provide the Company a more stable balance sheet including substantial cash for working capital and additional liquidity (pre transaction costs).

Indicative sources and uses of funds (equity and new debt)

Indicative sources of equity and debt funds	Amount (\$'m)
Hannan Family equity (sub-underwritten)	25.0
Are Media equity (sub-underwritten)	10.0
Other new equity (taken up in rights issue)	5.0
New secured debt	17.0 1
Total	57.0

Indicative uses of funds	Amount (\$'m)
Onerous lease exits	12.4 2
Cash back remaining bank guarantees	4.3 3
Headcount rationalisation	2.5 4
Operational initiatives/restructure	3.5
Repay overdraft	7.0 5
Additional liquidity (pre transaction costs)	27.3
Total	57.0 3

Comments on indicative sources and uses of funds (equity and new debt)

- 1 Terms are still being negotiated. Expected to be a three-year senior secured facility.
- 2 Reflects latest discussions with landlords. Assumes Lidcombe lease liability is discounted and converted to equity. In some scenarios onerous lease exits may be deferred. Negotiations with landlords remain ongoing.
- 3 Bank guarantees exited or cash backed as part of recapitalisation.
- 4 Net OVT payment (after funding contribution from Australian Governments Fair Entitlements Guarantee) to cover c. 225 employees being made redundant via the Schemes.
- 5 Overdraft extinguished; assumed to be fully drawn at time of implementation.

EQUITY RAISE IMPACTS ON OWNERSHIP STRUCTURE

Equity raise share price

If existing non-Hannan Family shareholders choose not to take up their entitlements their ownership in Ovato will be diluted to 3.9%

If the entire \$25.0m is taken up by the Hannan Family, this will result in their shareholding increasing from 53.8% to between 61.8% and 75.3%, dependent on the final amount raised between \$40.0m and \$32.2m (and pre reduction resulting from potential debt to equity conversions in Q1 2021)

Final conversion into equity will remain subject to the consent of noteholders and the Lidcombe landlord (Hannan Family), as well as being subject to a shareholder vote expected to occur in Q1 2021

Shares on issue pre and post \$40m Entitlement Offer		Current	%	New shares from \$40m Entitlement Offer	# Shares post \$40m Entitlement Offer	%	New shares from debt to equity conversions	# Shares post debt conversion	%
Existing shareholders (non-Hannan Family)		#'m	338.3	46.2%	338.3	3.9%	338.3	2.8%	
Hannan Family existing shares		#'m	393.7	53.8%	393.7	4.5%	393.7	3.2%	
Hannan Family new shares from equity raising sub-underwriting (max)		#'m			5,000.0	57.3%	5,000.0	40.9%	
Are Media new shares from equity raising sub-underwriting (max)		#'m			2,000.0	22.9%	2,000.0	16.4%	
Other new shares from equity raise		#'m			1,000.0	11.5%	1,000.0	8.2%	
Noteholders (non-Hannan Family) – debt to equity conversion		#'m					2,625.0	21.5%	
Noteholders (Hannan Family) – debt to equity conversion		#'m					375.0	3.1%	
Lidcombe lease (Hannan Family) – debt to equity conversion		#'m					480.0	3.9%	
Total S01 – December 2020		#'m	732.0	100.0%	8,732.0	100.0%	3,480.0	100.0%	
Total Hannan Family ownership post Offer					5,393.7	61.8%	6,248.7	51.2%	

- 51

04

APPENDIX

KEY RISKS

Ovato's operations are subject to a number of risks which may impact on its future performance and forecasts. Before subscribing for shares under the Entitlement Offer (New Shares), eligible shareholders should carefully consider and evaluate Ovato and its business and whether the New Shares are suitable to acquire having regard to their own investment objectives, financial circumstances and needs and taking into consideration the material risk factors.

Ovato is not licensed to provide financial product advice in relation to New Shares or any other financial products. No cooling off period applies to any application for New Shares.

The risks associated with an investment in Ovato

The future operating performance of Ovato and the value of an investment in the New Shares may be affected by risks relating to Ovato's business. Some of these risks are specific to Ovato while others relate to economic conditions and the general industry and markets in which Ovato operates.

Where practical, Ovato seeks to implement risk mitigation strategies to minimise its exposure to some of the risks outlined below. However, there can be no assurance that such strategies will protect Ovato from these risks. Other risks are beyond Ovato's control and cannot be mitigated. The occurrence of any such risks could adversely affect Ovato's financial position and performance and the value of the New Shares. The risks listed below do not purport to be exhaustive and there is no assurance that the importance of different risks will not change or other risks will not emerge.

Risks specific to Ovato

COVID-19

The COVID-19 pandemic has had a significant impact on the Australian and global economy and the ability of individuals, businesses, and governments to operate. Across Australia and the world, travel, trade, business, working arrangements and consumption have been materially impacted by the pandemic. In addition, events relating to COVID-19 have resulted in significant volatility across financial, commodity and other markets, including in the prices of securities trading on ASX (including the price of Ovato securities) and on other foreign securities exchanges. As previously disclosed to ASX, COVID-19 has affected Ovato in several ways, with:

- capacity being reduced through the shutdown of equipment at printing sites, with Ovato New Zealand required to cease operations for several weeks during the New Zealand Government's mandated lockdown period and other facilities being impacted by reduced demand for Ovato products;
- staff being asked to reduce their working hours by 40%; and
- increasing consumer uncertainty leading to a reduction in activity and demand volumes from Ovato's major customers.

While government restrictions have begun to ease, there continues to be uncertainty as to the further impact of COVID-19. A new wave of infections, prolonged period of quarantines, travel restrictions, work stoppages, health authority actions, lockdowns and other related measures within Australia or New Zealand (or overseas) may impact a number of aspects of Ovato's business. Events such as those experienced in Victoria in July to October 2020 and South Australia in November 2020 demonstrate that the easing of restrictions can be reversed quickly and without warning.

KEY RISKS

COVID-19

In addition, if a COVID-19 related infection occurs at a location in which Ovato operates, this could negatively impact Ovato's ability to operate at that location and create a risk of broader infection of Ovato's workforce which could negatively impact on Ovato's ability to meet its contractual obligations, and may adversely impact Ovato's financial and business performance. If the duration of events surrounding COVID-19 is prolonged, Ovato may need to take additional measures in order to respond appropriately, including by raising additional funding or selling assets/businesses.

Ovato is also exposed to counterparty risk in respect of its customers failing to fulfil their contractual obligations. This risk may be heightened as a result of COVID-19 and may cause Ovato's financial performance and business to be impacted where its customers experience financial difficulties, reduce or discontinue operations or default on obligations owed to Ovato.

Continuation of challenges in the printing industry

The printing industry has been affected by challenges over the past decade arising from changes in demand. A shift in consumer preferences away from magazines, newspapers and catalogues has changed the advertising landscape with reduced demand causing overcapacity.

Ovato's business segments are primarily in pre-media, printing and distribution of publications including catalogues, magazines, and books. There is a risk that Ovato's product demand and pricing could continue to be subject to adverse impact from:

- reductions in demand volume and the effect of consumer confidence on retail marketing;
- pagination reductions and title closures by magazine and newspaper publishers;
- competitive market pricing pressure; and
- migration of advertising, entertainment and information media from print to digital platforms.

Site consolidation risk

An important requirement to underpin the Company's future operations is for the successful onboarding of Victorian volumes into the New South Wales production site at Warwick Farm to be achieved. Difficulties may be encountered in connection with this process which could result in the failure of Ovato to realise some of the anticipated benefits of the Clayton site closure. In particular, there is a risk of Ovato losing some customers due to longer production times. A failure to achieve the full transfer of volumes may have an adverse impact on the financial performance and position of Ovato and the value of its shares.

There are also risks associated with achieving the expected operation and financial cost savings. In particular, the one-off implementation cash cost to close down the Clayton facility and transfer volumes to Warwick Farm is material.

Litigation

As with all businesses, Ovato will be exposed to potential litigation and other claims or disputes in the course of its business, including litigation from employees, regulators and other third parties. As with any litigation, there are risks involved. An adverse outcome of litigation or the cost of responding to potential actual litigation may have a materially adverse impact on the financial performance of Ovato.

KEY RISKS

Schemes – transaction execution risk

The Ovato group is currently in the process of progressing several creditor's and member's schemes of arrangement (Schemes), aimed at allowing the Ovato group to consolidate its printing production capacity, improving its operating efficiencies and reducing its cost base, making it more sustainable and permitting a return to profitability. The Schemes are subject to execution risk and there is no guarantee that the Schemes will be approved and / or implemented. There is also a risk that the Schemes will not result in the anticipated benefits which are required to allow for the Ovato group to return to profitability at the level, and in the timeframe, currently contemplated by Ovato following the implementation of the Schemes.

Financial risk management

Ovato is exposed to credit risk, and adverse movements in foreign currency exchange rates and interest rates. This could adversely impact Ovato's ability to achieve its financial performance objectives and reduce its ability to access financing facilities.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Ovato manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. However, if a funding shortfall materialises, Ovato may need to raise substantial additional short-term or long-term debt or equity or consider asset sales. In addition, Ovato has substantial debt facilities which are subject to covenant ratios.

These debt facilities have current expiry dates of February 2021, November 2022, and July 2023. Ovato's capacity to secure the requisite level of funding at the appropriate time will depend on the amount of funding required, the performance and future prospects of its business and a number of other factors, including interest rates, economic conditions, debt market conditions and equity market conditions prevailing at that time. There is no assurance that the required funding (either via debt or equity) can be secured at all or on reasonable terms, which may require Ovato to consider asset sales or alternative sources of funding.

Interest rate risk

Interest rate risk is the risk that a financial instrument value will fluctuate as a result of changes in market interest rates. The nature of Ovato's financial arrangements exposes Ovato to interest rate risk including from the movement and underline interest rates, which impacts on Ovato's cost of funding and may adversely impact Ovato's financial performance.

Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions. For banks and financial institutions, the customer's individual risk limits are set based on internal or external ratings in accordance with limits set by the directors and the companies credit insurer.

Regulatory and Legislative Requirements

There is a risk of a major change to, or a major breach of, existing regulations or legislation, which could impact Ovato's ability to continue its current business operations or achieve its financial performance objectives. To the extent possible, Ovato mitigates these risks by implementing policies, procedures and systems to comply with regulatory requirements.

Technology and Cyber Security

There is a risk of outage, disruption, or security breach of IT systems. This could result in significant business disruption or a loss of confidential business data. Ovato mitigates this risk through IT security and infrastructure solutions. This is supported by IT policies and procedures governing security and usage of IT systems.

KEY RISKS

Risks associated with the new shares

Market price of the New Shares

The market price of Ovato shares may fluctuate over time as a result of a number of factors including the financial performance and prospects of Ovato, prevailing market conditions, general investor sentiment in those markets, inflation, interest rates, and the liquidity and the volume of the shares been brought or sold at any point in time. It should be noted that there is no guarantee that the New Shares will trade at or above the issue price. It should also be noted that the historical share price performance of shares does not necessarily provide any guidance as to its future share price performance.

Liquidity in market for shares

There can be no guarantee that there will be an active or liquid market shares traded on ASX or that the price of the New Shares (if any) will increase. There may be relatively few or many potential buyers of the shares on ASX at any time particularly given the Hannan Family's relevant interest of approximately 53.8% shareholding and that this may increase to 75.3% as a result of the Entitlement Offer. This may increase the volatility of the market price of the shares and may affect the price at which shareholders are able to sell the shares. Accordingly, there is a risk that the New Shares may trade at prices below the issue price.

Underwriting risk

Ovato has entered into an underwriting agreement with Wilson Corporate Finance Limited and Aitken Murray Capital Partners Pty Limited who have entered into sub-underwriting arrangements with the Hannan Family and Are Media Pty Ltd. The Underwriters may terminate their underwriting agreement and can be released from their obligations if certain conditions are not satisfied or waived or if certain events occur (as set out in the underwriting agreement). If the Underwriters terminate their underwriting commitments (including as a result of non-satisfaction or waiver of the Underwriting Conditions), the Entitlement Offer may not raise the full amount proposed to be raised or may be withdrawn by Ovato. Further, as a result of the sub-underwriting arrangement with the Hannan Family, there is the potential that the Hannan Family may increase their percentage holding in Ovato up to 75.3% following the issue of the New Shares. In the event that the Hannan Family's relevant interest remains over 50% post the Entitlement Offer, the Hannan Family will have a controlling shareholding and the ability to pass ordinary shareholder resolutions. In the event that the Hannan Family's relevant interest increases above 75%, the Hannan Family will be able to pass special shareholder resolutions.

Dilution

While entitlements are renounceable there can be no guarantee that there will be an active market for entitlements. Shareholders who do not take up some or all of their entitlements may not receive any value in respect of their entitlements they do not take up. Shareholders who do not take up all of their entitlements will have their ownership in Ovato diluted.

Dividends

Ovato has not paid any dividends since FY17. It is uncertain when Ovato may be able to pay dividends and there can be no assurance, that dividends will be paid in the future.

KEY RISKS

86

General

General risk factors outside the control of Ovato, which may have a significant impact on the future performance of Ovato, include the following:

- economic conditions in Australia and internationally which may have a negative impact on capital markets;
- change investor sentiment and perceptions in local international stock markets;
- changes in interest rates, exchange rates and the rate of inflation;
- changes in domestic or international fiscal, monetary, regulatory, taxation and other government policies;
- changes in environmental conditions, such as lack of access to water
- geopolitical conditions such as actual threats of terrorism, military conflicts or international hostilities;
- developments in general conditions and markets in which Ovato operates; and
- economic and natural disasters.

FOREIGN SELLING/OFFER JURISDICTIONS

63

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered to the retail investors within New Zealand other than to existing shareholders of Ovato with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

SUMMARY OF UNDERWRITING TERMINATION EVENTS

SUMMARY OF UNDERWRITING TERMINATION EVENTS

Ovato has entered into an agreement with the Underwriters (Underwriting Agreement), under which the Underwriters will accept New Shares offered under the Entitlement Offer, up to an amount of \$35.0 million and at least \$32.2m, if they are not acquired by eligible shareholders. If certain conditions are not satisfied or certain customary termination events occur, the Underwriters may terminate the Underwriting Agreement. In summary, the events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:

- in the Underwriters' reasonable opinion, a statement in the offer materials is or becomes misleading or deceptive, or is likely to mislead or deceive, or a matter required to be included in the offer materials under the Corporations Act is omitted from the offer materials;
- an obligation arises for Ovato to give a notice in accordance with section 708AA(12) of the Corporations Act, or a new circumstance arises which if known at the time of issue of the offer materials would have been included in the offer materials;
- the cleansing statement lodged by Ovato in connection with the Entitlement Offer becomes defective or a corrective statement is issued or required to be issued;
- ASIC or ASX revoked certain modifications or waivers granted to Ovato;
- Prior to 8:00am on the second court date the S&P/ASX 200 Index falls by 10% or more below its level at market close on the business day before the date of the Underwriting Agreement;
- the Schemes are not approved by the requisite majorities or the Supreme Court of New South Wales does not approve the Schemes at the second court date;
- ASIC issues, or threatens to issue, proceedings or commences any inquire or investigation in relation to the Entitlement Offer, and the matter has not been withdrawn within two business days of receipt;
- Ovato alters its capital structure without the consent of the Underwriters;
- Ovato is prevented from granting the entitlements or issuing the New Shares;
- there is an event or occurrence which makes it illegal for the Underwriters to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Entitlement Offer;

- ASX states or indicates that there will be a suspension of existing Ovato shares from quotation, Ovato will be removed from the official list of ASX or quotation won't be granted for the New Shares;
 - certain delays in the timetable without the Underwriters' consent, or where Ovato is unable to issue the New Shares in the timing required;
 - (*) a change in the chairman or chief executive officer of Ovato occurs;
 - (*) an adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of Ovato or the group, including from those disclosed by Ovato to the ASX prior to the date of the Underwriting Agreement;
 - (*) certain changes in law, including an announcement or proposal of such change, or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy;
 - (*) an escalation of the existing COVID-19 pandemic, or the declaration of a new pandemic by the World Health Organisation, in Australia, New Zealand, the United States of America, Canada, the United Kingdom, the People's Republic of China, Hong Kong, Singapore, or any member state of the European Union, or the Australian Federal Government, or a state or territory government, implements unexpected wide ranging controls that were not in place at the date of the Underwriting Agreement; and
 - (*) trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange, the Hong Kong Stock Exchange or the Shanghai Stock Exchange is suspended or limited in a material respect for at least 1 (or a substantial part of 1 day) days on which that exchange is open for trading.
- In respect of the items above marked "(*)", the Underwriters may not terminate the Underwriting Agreement unless the event gives rise to a liability of the Underwriters or the Underwriters convening applicable law, or the event has or is likely to have a material adverse effect on: (a) the success or settlement or marketing of the Entitlement Offer or on the ability of the Underwriters to market or promote or settle the Entitlement Offer or on the likely price at which the New Shares will trade on ASX; or (b) the willingness of investors to subscribe for the New Shares.



5. IMPORTANT INFORMATION

The information contained in this Entitlement Offer Booklet (including the ASX announcements in Section 4) and the enclosed personalised Entitlement and Acceptance Form (Information) have been prepared by Ovato.

This Information, other than the ASX announcement in Section 4 which is dated 1 December 2020 and Investor Presentation which is dated 7 December 2020, is dated 8 December 2020. This Information remains subject to change without notice and Ovato is not responsible for updating this Information.

There may be additional announcements made by Ovato after the date of this Entitlement Offer Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration of whether to take up your Entitlement, apply for Additional New Shares or do nothing in respect of your Entitlement, including in respect of information regarding the suspension of trading of Ovato Shares. Therefore, it is prudent that you check whether any further announcements have been made by Ovato (by visiting the ASX website at www.asx.com.au) before submitting your application to take up your Entitlement.

No party other than Ovato has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

This Information is important and requires your immediate attention.

You should read this Information carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in the Key Risks section of the Ovato Investor Presentation included in Section 4.2 of this Entitlement Offer Booklet, any of which could affect the operating and financial performance of Ovato or the value of an investment in Ovato.

You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

5.1 Eligible Shareholders

This Information contains an offer of New Shares to Eligible Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

Eligible Shareholders are those persons who meet the criteria set out in Section 1.

Shareholders as at the Record Date who are not Eligible Shareholders are Ineligible Shareholders. Ovato reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

By making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Ovato has decided that it is unreasonable to make offers under the Entitlement Offer to Shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. Ovato may (in its absolute discretion) extend the Entitlement Offer to Shareholders who have registered addresses

outside Australia and New Zealand (except the United States) in accordance with applicable law.

5.2 Top Up Facility

Eligible Shareholders who take up their Entitlement in full, may also apply for Additional New Shares in excess of their Entitlement under the Top Up Facility, at the Offer Price of \$0.005 per New Share (being the same price as the Offer Price per New Share issued under the Entitlement Offer).

The Additional New Shares available under the Top Up Facility will be limited to the number of New Shares that could have been offered to Ineligible Shareholders if they had been entitled to participate in the Entitlement Offer and the total number of Entitlements which have not been taken up by Eligible Shareholders and have lapsed. The total number of Additional New Shares available will be the amount of lapsed Entitlements of Eligible Shareholders plus the amount of New Shares which could have been offered to Ineligible Shareholders (Bookbuild Shares).

Eligible Shareholders who wish to apply for Additional New Shares under the Top Up Facility must do so at the same time as they apply for New Shares under the Entitlement Offer. For information on how to apply for Additional New Shares under the Top Up Facility, please refer to Section 3.5(a) of this Entitlement Offer Booklet.

Ovato's decision as to the number of Additional New Shares to be issued to any Eligible Shareholder who also applied for Additional New Shares will be final and will be made at its discretion. The issue of Additional New Shares under the Top Up Facility is subject to compliance with the Corporations Act, ASX Listing Rules and other applicable laws, and will be subject to availability. Applications for Additional New Shares will be treated as bids for Bookbuild Shares at the Offer Price under the Bookbuild and allocations of Bookbuild Shares will be determined under the Bookbuild.

There is no guarantee that Eligible Shareholders will receive any or all of the Additional New Shares which they apply for under the Top Up Facility.

5.3 Bookbuild

The Underwriters have been appointed as broker to the Entitlement Offer for the purposes of conducting the Bookbuild. To the extent there are Entitlements not taken up, the Underwriters will invite applications from institutional and/or sophisticated investors for the Entitlements for Bookbuild Shares at an issue price that is not less than the Offer Price.

The Bookbuild will be conducted to realise value for the Entitlements by determining a price, which must not be less than the Offer Price, that will result in all of the Bookbuild Shares being sold under the Bookbuild. If the Bookbuild does not realise any value for the Entitlements, applications for Additional New Shares will be given preference on allocation of Entitlements for Bookbuild Shares over bids from institutional and/or sophisticated investors.

If the Bookbuild does not realise any value for the Entitlements, any Entitlements which are available following allocation to Eligible Shareholders in response to applications for Additional New Shares and to institutional and/or sophisticated investors under the Bookbuild will be subscribed for by the Sub-Underwriters, according to the proportions determined under their sub-underwriting agreements up to their sub-underwriting commitment. The Sub-Underwriters will only be allocated Entitlements over Bookbuild Shares to the extent that the Entitlements are not otherwise taken up by Eligible Shareholders or institutional and/or sophisticated investors under the Bookbuild.

Decisions regarding the operation of the Bookbuild (including the issue of any Additional New Shares) and any necessary scale-back will be determined by Ovato in agreement with the Underwriters. Ovato will not issue Bookbuild Shares under the Bookbuild, where to do so would be likely to result in a breach of its constitution, the Corporations Act or the ASX Listing Rules. In the event that demand for Entitlements under the Bookbuild exceeds the number of Entitlements that are available at the relevant price, the number of Entitlements allocated to applicants under the Bookbuild will be determined by Ovato in agreement with the Underwriters.

If scale-back occurs, Application Monies in relation to Additional New Shares applied for but not issued will be refunded as soon as possible following the Closing Date, without interest.

There is no guarantee that an applicant for Entitlements will receive the number of Entitlements applied for, or that they will receive any at all. Ovato reserves the right to issue Bookbuild Shares under the Bookbuild at its discretion.

Bookbuild Shares will be issued at the same time as New Shares are issued under the Entitlement Offer.

The amount realised for Entitlements (if any) under the Bookbuild will be paid to the Share Registry to be distributed to those Ineligible Shareholders and Eligible Shareholders who do not take up all or part of their Entitlement. The amount to be distributed by the Share Registry to such shareholders will be paid on a pro rata basis and will be calculated by reference to the value realised for the Bookbuild Shares divided by the total number of lapsed Entitlements plus the number of New Shares which would have been offered to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer.

5.4 Potential effect of Entitlement Offer on control of Ovato

The issue of New Shares and level of take up of Entitlements under the Entitlement Offer may have an effect on the control of Ovato.

The Underwriters have entered into agreements with Are Media Pty Limited (**Are Media**) and the Hannan Family to sub-underwrite the Entitlement Offer. Pursuant to a voting deed entered into between Lindsay Hannan, Adrian & Richard O'Connor, Michael Hannan, James Hannan and Sayman Pty Ltd in its capacity as trustee of the Lindsay Hannan Family Trust (together, the **Hannan Family**), the Hannan Family has a relevant interest in 53.8% of the total Shares on issue as at 30 November 2020.

The Hannan Family has agreed with the Underwriters to sub-underwrite any New Shares not subscribed for up to a total amount of A\$25 million. A summary of the Sub-Underwriting Agreement is contained in Section 5.14.

The number of New Shares that may be held by the Hannan Family following completion of the Entitlement Offer and the corresponding relevant interest is detailed in the table below. The table below shows that, in the circumstance where no Shareholders take up their Entitlements and the Hannan Family subscribes for all of the New Shares allocated to them under the Entitlement Offer and sub-underwriting arrangements with the Underwriters, then the Hannan Family's relevant interest will increase by approximately 21.5% to approximately 75.3%. Eligible Shareholders should refer to page 32 of the Investor Presentation set out in Section 4.2 for further detail on the potential capital structure of Ovato following completion of the Entitlement Offer

5 Lindsay Hannan will be sub-underwriting the Entitlement Offer through Sayman Pty Ltd as trustee for the Lindsay Hannan Family Trust.

6 Based on the Entitlement Offer raising a reduced minimum of \$32.2 million as a result of limitations on other sub-underwriting arrangements and the Hannan Family being fully allocated \$25 million worth of New Shares.

The extent of Are Media's sub-underwriting is subject to approval under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FIRB Approval**). If Are Media's final share allocation in the Entitlement Offer is reduced due to FIRB Approval not having been obtained at the time the Entitlement Offer settles (in which case Are Media will be

allocated a maximum of 19.99% of the diluted Ovato share capital post the Entitlement Offer), the underwritten amount will be a minimum of \$32.2m instead of \$35.0m, and the relevant number of unallocated shares will be placed to Are Media in approximately Q1 2021, when it is expected that the limitation will not be breached, and subject to any required shareholder vote or other regulatory requirements.

Any sub-underwriting obligation of the Hannan Family and therefore any increase in the relevant interest of the Hannan Family as a result of these sub-underwriting arrangements (as noted in the table below), will decrease by a corresponding amount for the amount of Entitlements taken up by Shareholders or new investors.

Event	Shares held by Hannan Family	Relevant Interest of Hannan Family
Record Date	393,734,555	53.8%
Entitlement Offer is not subscribed to by any non-Hannan Family shareholders and there are no subscriptions from the Bookbuild.	5,393,734,555	FIRB Approval received by Are Media: 69.8% FIRB Approval not received by Are Media: 75.3%
25% of all rights under the Entitlement Offer subscribed to by non-Hannan Family shareholders and participants in the Bookbuild.	5,393,734,555	FIRB Approval received by Are Media: 62.3% FIRB Approval not received by Are Media: 64.9%
50% of all rights under the Entitlement Offer subscribed to by non-Hannan Family shareholders and participants in the Bookbuild.	4,545,276,812	FIRB Approval received by Are Media: 52.1% FIRB Approval not received by Are Media: 54.0%
Entitlement Offer is fully subscribed by all non-Hannan Family Shareholders and there is no further demand from the Bookbuild.	3,262,457,564	FIRB Approval received by Are Media: 37.4% FIRB Approval not received by Are Media: 37.4%

Accordingly, the Hannan Family currently controls, and is likely, following completion of the Entitlement Offer, to control Ovato and have the ability to pass ordinary shareholder resolutions and to significantly influence the passing of special shareholder resolutions. In addition, if the Hannan Family's relevant interest in Ovato increases to 75.3%, this will provide the Hannan Family with the ability to pass matters requiring shareholder approval by special resolution. In this regard it should be noted that based on shareholder participation at the past two annual general meetings, the Hannan Family has cast the majority of votes on all resolutions other than the remuneration report.

The Hannan Family has informed the other Directors that on the facts and circumstances presently known, they are supportive of the current direction of Ovato and do not currently intend to propose any major changes to its direction and objectives.

5.5 Ranking of New Shares

New Shares issued under the Entitlement Offer will be fully paid and rank equally in all respects with existing Shares. The rights and liabilities attaching to the New Shares are set out in Ovato's constitution, a copy of which is available at www.ovato.com.au/Investors.

5.6 Risks

The Ovato Investor Presentation included in Section 4.2 of this Entitlement Offer Booklet details important factors and risks that could affect the financial and operating performance of Ovato. You should refer to the Key Risks section of the Investor Presentation. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

5.7 No Cooling Off Rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

5.8 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

5.9 Notice to Nominees and Custodians

If Ovato believes you hold Shares as a nominee or custodian, you will have received, or will shortly receive, an email in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that email.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to purchase or trade Entitlements on ASX or otherwise, or take up or exercise Entitlements purchased on ASX or otherwise, and may receive no value for any such Entitlements held.

Ovato is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. Ovato is not able to advise on foreign laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

5.10 Not Investment Advice

This Entitlement Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Ovato is not licensed to provide financial product advice in respect of the New Shares. This Information does not purport to contain all the information that

you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Ovato's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.asx.com.au.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other professional adviser or call Ovato's share registry manager, Computershare, on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).

Nominees and custodians may not distribute any part of this Entitlement Offer Booklet in the United States or in any other country outside Australia and New Zealand except to beneficial Shareholders in other countries (other than the United States) where Ovato may determine it is lawful and practical to make the Entitlement Offer.

5.11 Quotation and Trading

Ovato has applied to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rule requirements. If ASX does not grant quotation of the New Shares, Ovato will repay all Application Monies (without interest).

Eligible Shareholders should be aware that Ovato Shares are currently suspended from trading on ASX.

5.12 Information Availability

If you are in Australia or New Zealand, you can obtain a copy of this Entitlement Offer Booklet during the Offer period by calling Ovato's share registry manager, Computershare, on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia). A replacement Entitlement and Acceptance Form can also be requested by calling Computershare.

If you access the electronic version of this Entitlement Offer Booklet, you should ensure that you download and read the entire Entitlement Offer Booklet.

5.13 Foreign Jurisdictions

This Information has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form is not in the United States and not acting for the account or benefit of a person in the United States.

This Entitlement Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

(a) New Zealand

The Entitlements and the New Shares are not being offered to retail investors within New Zealand other than to existing shareholders of Ovato with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

b) United States

The Entitlements and New Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States. The New Shares may not be offered, sold or resold to persons in the United States or to persons who are acting for the account or benefit of persons in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US State securities laws. In the Entitlement Offer, the New Shares will be only sold in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act. Because of these legal restrictions, you must not distribute, release or send copies of this Entitlement Offer Booklet or any other material relating to the Entitlement Offer to any person in the United States.

5.14 Underwriting/Sub-underwriting of the Entitlement Offer

Ovato has entered into an underwriting agreement dated 1 December 2020 (Underwriting Agreement) with the Underwriters, who have agreed to manage and partly underwrite the Entitlement Offer on the terms and conditions set out in the Underwriting Agreement. The obligations of the Underwriters are subject to the satisfaction of certain conditions precedent documented in the Underwriting Agreement including approval by the Supreme Court of New South Wales of the creditors & members schemes of arrangement in respect of Ovato and completion of other aspects of the proposed restructure of the Ovato group (please refer to the Investor Presentation in section 4.2 for further information).

It is expected that the status of the conditions precedent to the Underwriting Agreement (other than court approval of the creditors' and members' schemes of arrangement) will be known by the close of the Entitlement Offer. Ovato will update the market as to the status of those conditions at that time. If those conditions have not been satisfied at that time and the Underwriters have terminated the Underwriting Agreement, Ovato reserves the right to withdraw the Entitlement Offer. If Ovato does withdraw the Entitlement Offer, the Entitlement Offer will not complete and all Application Monies will be returned to those Eligible Shareholders who have taken up their Entitlements.

Furthermore, in accordance with the Underwriting Agreement, as is customary with these types of arrangements (capitalised terms not defined in this Entitlement Offer Booklet are as defined in the Underwriting Agreement):

- (a) Ovato has (subject to certain limitations) agreed to indemnify the Underwriters, their affiliates and related bodies corporate, and each of their respective directors, officers, employees, agents and advisers against any losses they may incur arising from, in relation to, or in connection with the Offer;
- (b) Ovato and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Offer; and
- (c) the Underwriters may terminate the Underwriting Agreement and be released from their obligations on the occurrence of certain events (in some cases, subject to the materiality of the relevant event), including (but not limited to) where:
- (i) prior to 8.00 am on the Second Court Date, the S&P/ASX 200 Index falls to a level that is 10% or more below its level at market close on the Business Day immediately prior to the date of the Underwriting Agreement;
 - (ii) Ovato ceases to be admitted to the official list of ASX or the Shares are suspended from official quotation on the ASX (other than a voluntary suspension requested by Ovato to facilitate the Offer);
 - (iii) an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer Material, or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Material and any such application, inquiry or hearing is not withdrawn within one Business Day of when made, or if it is made within one Business Day of the Second Court Date, it has not been withdrawn by 8.00 am on such date;
 - (iv) Ovato is prevented from allotting and issuing the Offer Securities within the time required by the Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a Governmental Authority;
 - (v) if a regulatory body withdraws, revokes or in any material respect amends any regulatory approvals required for the Company to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Materials;
 - (vi) there is a change in certain senior management of Ovato or a criminal or regulatory action is commenced against a director or officer of Ovato;
 - (vii) there are certain delays in the timetable for the Offer without the Underwriters' consent;
 - (viii) there is a material disruption in political or financial or economic conditions in key markets, or hostilities not presently existing commence or a major terrorist act is perpetrated on certain key countries;
 - (ix) the Due Diligence Working Group Report or verification material or any other information supplied by or on behalf of Ovato to the Underwriters in relation to the Group or the Offer is (or is likely to), or becomes (or becomes likely to be), misleading or deceptive, including by way of omission;
 - (x) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of Ovato or the Group (insofar as the position in relation to an entity in the Group affects the overall position of Ovato), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Ovato or the Group from those respectively disclosed to ASX by Ovato prior to the date of the Underwriting Agreement; or
 - (xi) in the Underwriters' reasonable opinion, a statement in any of the Offer Materials or Public Information is or becomes misleading or deceptive or is likely to mislead or

deceive, or a matter required to be included is omitted from the Offer Materials.

The Underwriters will receive a fee for providing these underwriting services and will be reimbursed for certain expenses.

Ovato is responsible for the contents of, or omissions from, any offer materials (including this Entitlement Offer Booklet).

In turn, the Underwriters have entered into sub-underwriting agreements dated 1 December 2020 (Sub-Underwriting Agreements) with each Sub-Underwriter, who have agreed to sub-underwrite the Entitlement Offer up to their sub-underwriting commitment. The Sub-Underwriters will not be paid any fees pursuant to the Sub-Underwriting Agreement.

5.15 Governing Law

This Information, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

5.16 Underwriters

The Underwriters have acted as joint lead managers, bookrunners and underwriters to the Entitlement Offer. Neither the Underwriters, nor any of their affiliates, related bodies corporate (as that term is defined in the Corporations Act), nor their respective directors, employees, officers, representatives, agents, partners, consultants and advisers (together the Underwriter Parties), nor the advisers to Ovato or any other person including clients named in this document, have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Entitlement Offer Booklet (or any other materials released by Ovato) and none of them makes or purports to make any statement in this Entitlement Offer Booklet and there is no statement in this Entitlement Offer Booklet which is based on any statement by any of them.

The Underwriter Parties may, from time to time, hold interests in the securities of, or earn brokerage, fees or other benefits from Ovato.

5.17 Disclaimer

Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Ovato and the Underwriters. To the maximum extent permitted by law, each of Ovato and the Underwriters and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion. To the maximum extent permitted by law, the Underwriter Parties disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and the information in this Entitlement Offer Booklet being inaccurate or due to information being omitted from this Entitlement Offer Booklet, whether by way of negligence or otherwise, and make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this Entitlement Offer Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by Ovato, or its related bodies corporate, in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, neither

Ovato, nor any other person, warrants or guarantees the future performance of Ovato or any return on any investment made pursuant to this Information or its content.

No entity (other than Ovato) referred to in the Corporate Directory of this Entitlement Offer Booklet, nor any of their respective related bodies corporate, nor any of their respective directors, officers, partners, employees, representatives or agents (including any Underwriter Parties), has authorised or caused the issue of this Information and they do not take any responsibility for this Information or any action taken by you on the basis of such information. None of those persons has made or purports to make any statement in this Entitlement Offer Booklet and there is no statement in this Entitlement Offer Booklet which is based on any statement by any of them. To the maximum extent permitted by law, each of those persons exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

5.18 Withdrawal of the Entitlement Offer

Ovato reserves the right to withdraw all or part of the Entitlement Offer and this Information at any time, subject to applicable laws and including in circumstances where the Underwriting Agreement is terminated due to a failure to satisfy a condition precedent to the Underwriting Agreement, in which case Ovato will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Ovato will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Ovato.

5.19 Privacy

As a Shareholder, Ovato and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Ovato and the Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, Ovato and the Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for New Shares, the Share Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation of the distribution of shareholder information and for handing of mail, or as otherwise permitted under the Privacy Act 1988 (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) Ovato or the Share Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by contacting Ovato's Share Registry in accordance with the Computershare privacy policy. You can visit the Share Registry manager's website at www.computershare.com for a copy of the Computershare condensed privacy statement, or by phone on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) to request a copy of the complete privacy policy.

6. GLOSSARY

TERM	MEANING
Additional New Shares	means the additional New Shares Eligible Shareholders may apply for in excess of their Entitlement.
Application Monies	means a payment or payments made to subscribe for New Shares.
ASIC	Australian Securities & Investments Commission.
ASX	Australian Securities Exchange.
Bookbuild	means the bookbuild conducted by the Underwriters.
Bookbuild Shares	means the total number of Entitlements which have lapsed plus the amount of New Shares which could have been offered to Ineligible Shareholders.
Closing Date	5.00pm (Sydney time) 17 December 2020.
Corporations Act	Corporations Act 2001 (Cth).
Company or Ovato	Ovato Limited (ABN 39 050 148 644).
Computershare	Computershare Investor Services Pty Limited.
CRN	means if you are an Eligible Shareholder, your unique Customer Reference Number, as described in Section 3.8.
Eligible Shareholder	has the meaning given in Section 5.1.
Entitlement and Acceptance Form	means the personalised entitlement and acceptance form accompanying this Entitlement Offer Booklet to be used to apply for New Shares.
Entitlements	means in respect of an Eligible Shareholder, the number of New Shares which an Eligible Shareholder is entitled to subscribe for under the Entitlement Offer.
Entitlement Offer	means the pro rata entitlement offer with a back-end bookbuild to subscribe for 10.93 New Shares for every 1 Share held at the Record Date for the Offer Price on the terms set out in this Entitlement Offer Booklet and announced on 1 December 2020.
Hannan Family	means Lindsay Hannan, Adrian & Richard O'Connor, Michael Hannan, James Hannan and Sayman Pty Ltd in its capacity as trustee of the Lindsay Hannan Family Trust (as defined in Section 5.4).
Ineligible Shareholder	means a Shareholder who is not an Eligible Shareholder.
New Shares	means a Share issued in connection with the Entitlement Offer and includes the Bookbuild Shares.

7 Lindsay Hannan will be sub-underwriting the Entitlement Offer through Sayman Pty Ltd as trustee for the Lindsay Hannan Family Trust

TERM	MEANING
Offer	the Entitlement Offer.
Offer Price	\$0.005 per New Share.
Ovato Investor Presentation or Investor Presentation	the investor presentation relating to the Entitlement Offer, which was released to ASX on 4 December 2020 and a copy of which is set out in Section 4.2 of this Entitlement Offer Booklet.
Record Date	means the time and date for determining Entitlements, being at 7:00 pm (Sydney time) on Thursday, 4 December 2020.
Entitlement Offer Booklet or Offer Booklet	this document and the accompanying Entitlement and Acceptance Form.
Share	means a fully paid ordinary share in the capital of Ovato.
Share Registry	means the Australian share register managed by Computershare.
Shareholder	a registered holder of a Share.
Sub-Underwriters	means either: <ul style="list-style-type: none"> • Are Media Pty Limited; or • the Hannan Family , (together, the Sub-Underwriters).
Sub-Underwriting Agreements	means the agreements entered into by the Sub-Underwriters and the Underwriter for the Sub-Underwriters to sub-underwrite the Entitlement Offer.
Top Up Facility	means the top up offer where Eligible Shareholders may also apply for Additional New Shares in excess of their Entitlement.
Underwriters	means Wilsons Corporate Finance Limited (ABN 65 057 547 323) and Aitken Murray Capital Partners Pty Ltd (ABN 39 169 972 436).
Underwriter Parties	means the Underwriters and its affiliates, related bodies corporate (as that term is defined in the Corporations Act), directors, employees, officers, representatives, agents, partners, consultants and advisers.
Underwriting Agreement	means the agreement entered into by Ovato and the Underwriters for the Underwriters to partially underwrite the Entitlement Offer.
US Securities Act	<i>US Securities Act of 1933.</i>

CORPORATE DIRECTORY

Ovato Limited
Level 4, 60 Union Street
Pyrmont NSW 2009
www.ovato.com.au

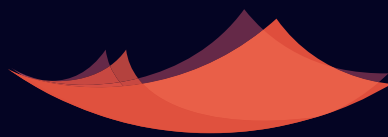
Share Registry
Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000
1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)
www.computershare.com/au

Underwriters
Wilsons Corporate Finance Limited
(ABN 65 057 547 323)
Governor Macquarie Tower
1 Farrer Place, Sydney NSW 2000
www.wilsonsadvisory.com.au

Aitken Murray Capital Partners Pty Ltd
(ABN 39 169 972 436)
52 Victoria Street, Paddington NSW 2021
www.amcps.com.au

For personal use only

For personal use only



O V A T O

ovato.com.au