



Notice of Extraordinary General Meeting

Ovato Limited
ACN 050 148 644

The non-interested directors recommend you vote in favour
of the resolution contained in this notice of meeting

For personal use only

Ovato Limited
ACN 050 148 644 (Company)

15 February 2021

Dear Shareholder

Approval of issue of ordinary shares in connection with debt for equity swap

This notice relates to the seeking of shareholder approval for the conversion of certain amounts owed by the Ovato group of companies (**Ovato Group**) to:

- (a) the holders of subordinated notes (**Notes**) issued by Ovato Finance Pty Limited ACN 053 814 976 (**Ovato Finance**); and
- (b) the landlord of the properties leased by the Ovato Group at 42 Boorea Street, Lidcombe and 44 Boorea Street, Lidcombe (**Properties**),

into equity in the form of ordinary shares in the Company.

As previously announced to the ASX in connection with the creditors' and members' schemes of arrangement approved by the Supreme Court of New South Wales on 21 December 2020 (**Schemes**) and the entitlement offer conducted by the Company that completed on 24 December 2020 (**Entitlement Offer**), as part of the restructuring of the Ovato Group in connection with the Schemes, the Company entered into arrangements with:

- (a) the holders of the Notes for the purpose of agreeing a compromise of the amount owing on the Notes from \$40 million to \$15 million, with this amount to be converted into equity (subject to shareholder approval) (**Note Conversion**); and
- (b) the landlord of the Properties for the purpose of agreeing a compromise to extinguish the \$6.4 million liability owed by the Ovato Group to the landlord other than for an amount of \$2.4 million, with this amount to be converted into equity at the election of the Company (subject to shareholder approval) (**Lease Conversion**),

(together, the **Equity Conversion**).

Wicklow Properties Pty Limited ACN 123 501 477 (**Wicklow**) is a holder of Notes. Rathdrum Properties Pty Limited ACN 123 510 001 (as trustee of the Rathdrum Property Trust) (**Rathdrum**), the holder of 100% of the ordinary shares of Wicklow, is the landlord of the Properties. Rathdrum and Wicklow (together the **Hannan Entities**) are controlled by, the Hannan Family, who hold an interest of 50.75% in the Company as at the date of this notice.

The Company is seeking the approval of shareholders for the Equity Conversion for the purposes of the ASX Listing Rules on the terms set out in this notice.

The Non-Interested Directors (which are all the directors other than Michael Hannan, who is a member of the Hannan Family and has an interest in the Equity Conversion due the relationship between Hannan Entities and the Hannan Family noted above) recommend that shareholders vote to approve the Equity Conversion. The reasons for this recommendation are contained in the explanatory notes to the resolution proposed in this notice.

Due to the ongoing restrictions on social gatherings due to the COVID-19 pandemic, the meeting will be held online. Information on how to participate in the meeting is included in the notice of meeting.

If you are unable to attend the meeting on **Friday, 19 March 2021, at 11.00am (AEDT)**, we ask that you complete and send your proxy form to the Company which must reach us by 11.00am (AEDT) on **Wednesday, 17 March 2021**.

Yours sincerely



Kevin Slaven
Managing Director
Ovato Limited ACN 050 148 644

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS GIVEN that an extraordinary general meeting of **Ovato Limited ACN 050 148 644** will be held virtually on Friday, 19 March 2021 at 11.00am (AEDT).

Virtual meeting

Due to the ongoing restrictions on social gatherings as a consequence of the global COVID-19 pandemic, the Company has taken steps to ensure all shareholders can participate in the meeting virtually online while maintaining their health and safety, and abiding by Federal and State Government requirements and guidelines regarding COVID-19. Shareholders will not be able to attend the meeting in person.

Shareholders do not need to attend the meeting physically in order to cast their votes or participate in the meeting. Accordingly, the Company strongly encourages all shareholders who wish to vote to do so by:

- (a) participating in the virtual meeting and casting a vote online;
- (b) appointing the chair of the meeting as their proxy (and where desired, direct the chair how to vote on a resolution) by completing and returning the proxy form; or
- (c) lodging their votes online at www.investorvote.com.au.

Virtual attendance and appointment of proxies

To enable participation by shareholders in the meeting without physical attendance, the Company will hold the meeting virtually online via the Lumi platform at <https://web.lumiagm.com> with meeting ID 317-905-882.

Shareholders can access this platform by navigating to <https://web.lumiagm.com> on any internet browser.

Upon entering the meeting ID into the Lumi platform, shareholders should then log in to the virtual meeting using their SRN/HIN and postcode (Australian resident) or their SRN/HIN and three letter country code (overseas resident). Any appointed third party proxies should contact the Company's share registry, Computershare Investor Services, on +61 3 9415 4024 to receive their login information.

Shareholders attending the meeting virtually will be able to ask questions in writing and vote during the meeting via the Lumi platform.

All resolutions will be conducted by poll. More information regarding virtual attendance at the meeting (including how to vote, comment and ask questions virtually during the meeting) is available in the virtual meeting guide, which is attached at Annexure A.

Shareholders who do not plan to attend the meeting are encouraged to complete and return the proxy form for each of their holdings of shares. A replacement proxy form may be obtained from:

Computershare Investor Services Pty Limited

Enquiries within Australia: 1300 556 161

Enquiries outside Australia: +61 3 9415 4000

Investor Centre contact details: www.investorcentre/contact

Technical difficulties may arise during the course of the meeting. The chairman has discretion as to whether and how the meeting should proceed in the event that technical difficulties arise. In exercising his discretion, the chairman will have regard to the number of members impacted and the extent to which participation in the business of the meeting is affected.

Where the chairman considers it appropriate, the chairman may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to lodge a proxy by 11.00am (AEDT), 17 March 2021 even if they plan to attend online.

ITEM OF BUSINESS

1. APPROVAL OF THE ISSUE OF 3,480,000,000 SHARES IN THE COMPANY PURSUANT TO THE EQUITY CONVERSION

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the issue of 3,480,000,000 fully paid ordinary shares in the Company at a price of \$0.005 per share, on the terms summarised in the notice convening this meeting, in connection with the Equity Conversion be approved for the purposes of ASX Listing Rule 7.1, ASX Listing Rule 10.11 and all other purposes."

The chairman of the meeting intends to vote open proxies in favour of this resolution.

VOTING EXCLUSIONS

The ASX Listing Rules requires that some shareholders be excluded from voting on Resolution 1.

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 1 by or on behalf of any of the parties who are expected to receive securities in connection with the approval of Resolution 1 or any person who will obtain a material benefit as a result of the proposed issue of securities under Resolution 1 (except a benefit solely by reason of being a holder of ordinary shares in the Company) or an associate of those persons.

However, the Company need not disregard a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote that way.

VOTING ENTITLEMENT

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), all ordinary shares in the Company that are quoted securities as at 7.00pm (AEDT) on Wednesday, 17 March 2021 will be taken, for the purposes of the meeting, to be held by the persons who held them at that time.

PROXIES

If you are a shareholder entitled to attend and vote, you are entitled to appoint one or two proxies. Where two proxies are appointed, you may specify the number or proportion of votes that each may exercise, failing which each may exercise half of the votes. A proxy need not be a shareholder of the Company and can be an individual or a body corporate.

If you want to appoint one proxy, please use the form provided. If you want to appoint two proxies, please follow the instructions on the front page of the proxy form.

If you appoint a proxy who is also a shareholder or is also a proxy for another shareholder your directions will be effective on a poll and your proxy votes.

A body corporate appointed as a shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the extraordinary general meeting. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

A proxy may vote or abstain from voting as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution.

If an appointment directs the proxy is to vote on a particular resolution:

- if the proxy is the chair – the proxy must vote on a poll and must vote that way; and
- if the proxy is not the chair – the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

To cast a vote, a shareholder will need to take one of the following steps:

1. attend the meeting virtually and cast the shareholder's vote at the meeting;
2. cast the shareholder's vote online by visiting www.investorvote.com.au and entering the shareholder's Control Number, SRN/HIN and postcode, which are shown on the first page of the enclosed proxy form; or
3. complete and lodge the manual proxy form at the share registry for the Company, Computershare Investor Services Pty Limited:
 - a. by post at the following address using the enclosed business reply paid envelope: GPO Box 242, Melbourne VIC 3001; or
 - b. by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
4. for Intermediary Online subscribers only (custodians), cast the shareholder's vote online by visiting www.intermediaryonline.com, so that it is received no later than 11.00am (AEDT) on Wednesday, 17 March 2021.

By Order of the Board
5 February 2021



Alistair Clarkson
Company Secretary

EXPLANATORY NOTES

1. THE EQUITY CONVERSION

This notice of meeting relates to the seeking of approval from the shareholders of the Company in connection with the Equity Conversion, which, if approved, will result in the issue of 3,480,000,000 new fully paid ordinary shares by the Company. Further details in relation to the Note Conversion and Lease Conversion are set out below.

1.1 The Note Conversion Component

The first component of the Equity Conversion is the Note Conversion, the background to which is set out below.

In connection with the Schemes and the Entitlement Offer, Ovato Finance sent a "Consent and Solicitation Memorandum" to the holders of the Notes on 3 December 2020 (**Memorandum**).

Pursuant to the terms of the Memorandum, Ovato Finance sought the consent of the holders of the Notes to amend the terms of the Notes in two tranches to provide for:

- (a) a reduction in the principal amount outstanding under the Notes from \$40 million to \$15 million;
- (b) amendments to various financial and other covenants in order to effect the refinancing of the Ovato Group's senior ranking debt;
- (c) the removal of the security securing the Notes;
- (d) the removal of the amortisation of the principal outstanding under the Notes;
- (e) the inclusion of an undertaking to hold an extraordinary general meeting to seek the approval of the shareholders of the Company for the conversion of the Notes;
- (f) the removal of the right of Ovato Finance to exercise its call option on 22 February 2021,

(together, the **Tranche 1 Amendments**); and

- (g) a conversion of the Notes into ordinary shares in the Company (**Tranche 2 Amendments**).

The special resolution approving the compromise with the holders of the Notes in accordance with the terms of the Memorandum was passed on 16 December 2020, with the Tranche 1 Amendments having been implemented on 22 December 2020.

Pursuant to the Tranche 2 Amendments, it is proposed that the terms of the Notes would be amended to provide for the conversion of the principal amount outstanding under the Notes, being \$15 million, into ordinary shares in the Company at a price of \$0.005 per share. The Tranche 2 Amendments have been approved by the holders of the Notes, with the amendments to take effect when the resolution proposed in this notice of meeting is approved.

Should the Equity Conversion be approved by shareholders, this will result in 3,000,000,000 new fully paid ordinary shares in the Company being issued to the holders of Notes (reflecting the issue of \$15 million worth of shares in the Company at the issue price of \$0.005 per share, being the same as the offer price of the new shares issued under the Entitlement Offer) under the Note Conversion component, with 375,000,000 new fully paid ordinary shares being issued to Wicklow.

Should the Equity Conversion not be approved by shareholders, the principal amount outstanding under the Notes, being \$15 million, will remain payable by the Company in accordance with the terms of the Notes, and will be required to be satisfied in cash by the Company. Furthermore, as noted in section 4(d), the Company may be in breach of net debt to EBITDA ratio covenants under the Receivables Purchase Agreement between the Company and Scottish Pacific Business Finance Pty Ltd, giving rise to an event of default enabling Scottish Pacific to, among other actions, terminate the facility.

1.2 The Lease Conversion Component

In connection with the Schemes and the Entitlement Offer, Rathdrum agreed with the Company and Offset Alpine Printing Pty Limited (a subsidiary of the Company) to a compromise of the \$6.4 million lease liability owing to it in connection with the lease of the Properties, pursuant to which the amount of \$4 million would be written off and the balance of \$2.4 million would remain payable to Rathdrum by 30 April 2021 or otherwise converted into 480 million Ovato shares by that date. The 480 million shares reflecting the issue of \$2.4 million worth of shares in the Company at the issue price of \$0.005 per share, being the same as the offer price of the new shares issued under the Entitlement Offer.

Conditional on the approval of shareholders of the Company, the Company has decided to undertake the Lease Conversion and issue the 480 million ordinary new shares rather than pay \$2.4 million.

Should the Equity Conversion be approved, this will result in 480,000,000 new fully paid ordinary shares in the Company being issued to Rathdrum in relation to the Lease Conversion component.

Should the Equity Conversion not be approved, the amount of \$2.4 million will be required to be paid to Rathdrum by the Company in cash on or prior to 30 April 2021.

1.3 Issue of securities

The Company proposes to issue the ordinary shares the subject of Resolution 1 on the business day following shareholders approving the issue of shares. If Resolution 1 is approved by shareholders, the impact on the capital structure and ownership of the Company will be as follows:

(# Shares)	Current		Post the Equity Conversion	
Existing shares held by the Hannan Family	4,431,527,599	50.7%	4,431,527,599	36.3%
Shares issued to the Hannan Entities as a result of the Equity Conversion	N/A	-%	855,000,000	7%
Existing shares held by Are Media Pty Ltd	2,000,000,000	22.9%	2,000,000,000	16.4%
Existing shares held by other shareholders	2,301,284,653	26.4%	2,301,284,653	18.8%
Shares issued to non-Hannan Family shareholders as a result of the Equity Conversion	N/A	-%	2,625,000,000	21.5%
Total shares on issue	8,732,812,252	100.0%	12,212,812,252	100.0%
Total Hannan Family Shareholding	4,431,527,599	50.7%	5,286,527,599	43.3%

The Non-Interested Directors recommend that shareholders vote in favour of Resolution 1.

2. RESOLUTION 1 – APPROVAL OF ISSUE OF SHARES PURSUANT TO THE EQUITY CONVERSION

2.1 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exemptions, issue or agree to issue more equity securities during any 12 month period than the amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The Equity Conversion, if approved, will result in the issue of 3,480,000,000 new fully paid ordinary shares by the Company, representing approximately 39.8% of the existing fully paid ordinary shares on issue in the Company as at the date of this notice.

If Resolution 1 is approved:

- (a) the Company will be able to proceed with the issue of the shares in connection with the Equity Conversion, notwithstanding the fact that the issue of shares exceeds the limit applicable to the Company under ASX Listing Rule 7.1; and
- (b) the shares issued in connection with the Equity Conversion will not reduce the number of equity securities that the Company can issue without shareholder approval under ASX Listing Rule 7.1.

2.2 ASX Listing Rule 7.3 Notice Requirements

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Equity Conversion:

- (a) the shares to be issued in connection with the Equity Conversion will be issued to the holders of the Notes and to Rathdrum and Wicklow;
- (b) the total number of shares to be issued in connection with the Equity Conversion is 3,480,000,000 new fully paid ordinary shares in the Company;
- (c) the shares to be issued in connection with the Equity Conversion are intended to be issued on the business day following the date on which shareholders approve the Equity Conversion, and will in all situations be issued no later than one month following the date of the meeting;
- (d) the issue price per share in connection with the Equity Conversion will be \$0.005 per share (being the same as the offer price of the new shares issued under the Entitlement Offer), with the application price being set off against the amount owing by the Company to each of the holders of the Notes and Rathdrum and Wicklow;
- (e) the purpose of the issue of shares in connection with the Equity Conversion is to facilitate the conversion of amounts owing by the Ovato Group to the holders of the Notes and Rathdrum and Wicklow, from debt into equity; and
- (f) the shares to be issued in connection with the Equity Conversion will be issued pursuant to agreements reached with the holders of the Notes and Rathdrum in respect of the compromises regarding the amounts owed to the holders of the Notes and Rathdrum and Wicklow, and will be issued on the basis of dividing the amount owing to the relevant party following the compromise by the issue price of \$0.005 per share.

2.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, equity securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the six months before the issue or agreement, a substantial (30%+) holder in the entity;
- (c) a person who is, or was at any time in the six months before the issue or agreement, a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of any person referred to in (a) – (c) above; or
- (e) a person whose relationship with the entity or a person referred to in (a) – (d) above is such that, in ASX's opinion, the issue or agreement should be approved by security holders.

The Equity Conversion, if approved, will result in the issue of a total of 855,000,000 new fully paid ordinary shares by the Company to the Hannan Entities, comprising 375,000,000 new fully paid ordinary shares to Wicklow under the Note Conversion component and 480,000,000 new fully paid ordinary shares by the Company to Rathdrum under the Lease Conversion component.

Each of Rathdrum and Wicklow are controlled by the Hannan Family, and accordingly require the Company to obtain shareholder approval for the purposes of ASX Listing Rule 10.11 in connection with the issue of shares under the Equity Conversion.

2.4 ASX Listing Rule 10.13 Notice Requirements

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Equity Conversion:

- (a) the shares to be issued in connection with the Equity Conversion will be issued to the holders of the Notes and the Hannan Entities (Rathdrum and Wicklow). The specific parties who will be subject to the requirement to obtain approval from shareholders of the Company for the purposes of ASX Listing Rule 10.11 are the Hannan Entities;
- (b) the Hannan Entities are controlled by the Hannan Family and require shareholder approval in connection with ASX Listing Rule 10.11.4;
- (c) the total number of shares to be issued in connection with the Equity Conversion is 3,480,000,000 new fully paid ordinary shares in the Company. The shares to be issued to the Hannan Entities under the Equity Conversion is 855,000,000 new fully paid ordinary shares, with Wicklow being issued 375,000,000 new fully paid ordinary shares being by the Company under the Notes Conversion component and Rathdrum being issued 480,000,000 new fully paid ordinary shares by the Company under the Lease Conversion component;
- (d) the shares to be issued in connection with the Equity Conversion are intended to be issued on the business day following the date on which shareholders approve the Equity Conversion, and will in all situations be issued no later than one month following the date of the meeting;
- (e) the issue price per share in connection with the Equity Conversion will be \$0.005 per share (being the same as the offer price of the new shares issued under the Entitlement Offer), with the application price being set off against the amount owing by the Company to each of the holders of Notes and Rathdrum;
- (f) the purpose of the issue of shares in connection with the Equity Conversion is to facilitate the conversion of amounts owing by the Ovato Group to the holders of the Notes and the Hannan Entities, from debt into equity;

- (g) the Hannan Entities are entities connected with the Company's chairman Michael Hannan, however the issue of shares to these entities in connection with the Equity Conversion is not intended to remunerate or incentivise Michael Hannan; and
- (h) the shares to be issued in connection with the Equity Conversion will be issued pursuant to agreements reached with the holders of the Notes (including Wicklow) in respect of the compromises regarding the amounts owed under the Notes and with Rathdrum in respect of the compromise regarding the amount owed under the lease of the Properties, and will be issued on the basis of dividing the amount owing to the relevant party following the compromise by the issue price of \$0.005 per share.

2.5 Section 208 of the Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party (including directors), the Company must obtain shareholder approval unless the giving of the benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval to the giving of a financial benefit to a related party where the financial benefit is given on terms that:

- (a) would be reasonable in the circumstances if the Company and the related party were dealing at arm's length; or
- (b) are less favourable to the related party than an arm's length transaction.

The Non-Interested Directors have formed the view that shareholder approval under s208 of the Corporations Act is not required for the Equity Conversion on the basis that the Equity Conversion is occurring on arm's length terms.

3. PROFILE OF THE HANNAN FAMILY

The Hannan Family is the major shareholder of the Company, and holds a relevant interest of approximately 50.75% in the Company as at the date of this notice. Accordingly, the Hannan Family has control of the Company and is able to pass items requiring ordinary shareholder approval on its own.

The Hannan Family became substantial shareholders of the Company in March 2017 following the completion of the Company's merger with the IPMG Group. The Hannan Family has continued to support the Company in various operational and financial capacities since completion of the merger, and recently participated as a sub-underwriter to the Entitlement Offer.

The Company's non-executive chairman, Michael Hannan, is a member of the Hannan Family and has generally been involved in discussions that the board of directors of the Company has held in connection with the Schemes, which included considerations regarding the Equity Conversion. However, Michael Hannan will be excluded from voting on Resolution 1 in his capacity as a shareholder and member of the Hannan Family, and will not be providing a recommendation to shareholders on how to vote on Resolution 1.

Completion of the Equity Conversion will result in the Hannan Family having a relevant interest in a total of 5,286,527,599 fully paid ordinary shares in the Company which will give the Hannan Family voting power of 43.3%.

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

4. NON-INTERESTED DIRECTORS' RECOMMENDATION

The Non-Interested Directors recommend that shareholders vote in favour of the Equity Conversion.

Reasons for the recommendation

After carefully considering all the aspects of the Equity Conversion, the Non-Interested Directors are of the view that the Equity Conversion is in the best interests of the Company because:

- (a) the Company has or is in the process of implementing various restructuring initiatives in accordance with the Schemes in order to ensure that the Company can operate with a more sustainable balance sheet, and the Equity Conversion is a component of these restructuring initiatives. The Equity Conversion significantly reduces the Company's level of indebtedness, reducing the Company's ongoing interest expense as well as eliminating the need for final repayment from cash reserves. This will improve liquidity headroom and the Company's ability to manage the fluctuations in the Company's working capital requirements;
- (b) if the Equity Conversion is approved, the Company will not be required to satisfy the obligations to repay the outstanding face value of \$15 million in respect of the Notes and the lease liability of \$2.4 million in cash, which will allow the Company to utilise these amounts for operational initiatives and ensure that the Company maintains adequate headroom in relation to its debt obligations;
- (c) if the Equity Conversion is approved, shareholders which are not affiliated with the Hannan Family will have a greater say on matters regarding the Company given that the Equity Conversion will result in the dilution of the Hannan Family's shareholding in the Company below 50%, and accordingly the Hannan Family will no longer control the Company; and
- (d) if the Equity Conversion is not approved the Notes will not convert to equity and will remain in place. This will result in the Company being in breach of net debt to EBITDA ratio covenants under the Receivables Purchase Agreement between the Company and Scottish Pacific Business Finance Pty Ltd, giving rise to an event of default enabling Scottish Pacific to, among other actions, terminate the facility.

5. WHAT HAPPENS IF SHAREHOLDERS DO NOT APPROVE THE EQUITY CONVERSION?

If the Equity Conversion is not approved by shareholders then no shares will be issued under the Equity Conversion. In this case:

- (a) the Note Conversion will not occur and the amount of \$15 million will remain owing by Ovato Finance to the noteholders and will be required to be paid to the noteholders in cash;
- (b) the Lease Conversion will not occur and the amount of \$2.4 million will remain owing by the Company to Rathdrum and will be required to be paid to Rathdrum in cash, on or prior to 30 April 2021;
- (c) if the amounts owing by the Company to Rathdrum and the Noteholders are required to be paid in cash, this will have a significant impact on the cash that the Company is able to utilise for daily operational and working capital purposes, which would have an impact on the Company's ability to sustainably manage the fluctuations in the Company's working capital requirements; and
- (d) the Notes will not convert to equity and will remain in place. This will result in the Company being in breach of net debt to EBITDA ratio covenants under the Receivables Purchase Agreement between the Company and Scottish Pacific Business Finance Pty Ltd, giving rise to an event of default enabling Scottish Pacific to, among other actions, terminate the facility.

GLOSSARY

ASX means the Australian Securities Exchange.

ASX Listing Rules means the listing rules of the ASX.

Company means Ovato Limited ACN 050 148 644.

Corporations Act means *Corporations Act 2001* (Cth).

Entitlement Offer means the 10.93 for 1 pro rata entitlement offer to existing shareholders of the Company to raise up to approximately \$40.0 million.

Equity Conversion means the Lease Conversion and the Note Conversion.

Hannan Entities means Rathdrum and Wicklow.

Hannan Family means Michael Hannan, James Hannan, Lindsay Hannan, Sayman Pty Ltd as trustee for the Lindsay Hannan Family Trust, Richard O'Connor and Adrian O'Connor, and if the resolution proposed in this Notice are approved, the Hannan Entities.

Non-Interested Directors means all directors of the Company other than Michael Hannan, being Ms Dhun Karai, Mr Kevin Slaven and Mr Andrew McMaster.

Lease Conversion means the debt for equity swap in respect of the \$2.4 million owing to Rathdrum under the lease for the Properties.

Memorandum means the consent solicitation memorandum dated 3rd of December 2020 provided to the holders of the Notes.

Notes means the secured but subordinated notes issued by Ovato Finance.

Note Conversion means the debt for equity swap in respect of the \$15 million face value of the Notes.

Offset Alpine means Offset Alpine Printing Pty Limited ACN 003 094 602.

Ovato Group means the Ovato group of companies comprised of the Company and each of its subsidiaries.

Ovato Finance means Ovato Finance Pty Ltd ACN 053 814 976.

Properties means 42 Boorea Street, Lidcombe and 44 Boorea Street, Lidcombe.

Rathdrum means Rathdrum Properties Pty Limited ACN 123 510 001 as trustee for the Rathdrum Property Trust.

Schemes means the creditor's and members' schemes of arrangement approved by the Supreme Court of New South Wales on 21 December 2020.

Surrender Deed means the Deed of Surrender of Leases dated 16 December 2020 between the Company, Rathdrum and Offset Alpine.

Tranche 1 Amendments means the amendments to the terms of the Notes in relation to the compromise of the amounts owing under the Notes, other than in respect of the proposed conversion of the Notes into ordinary shares in the Company.

Tranche 2 Amendments means the amendments to the terms of the Notes in relation to the conversion of the Notes into ordinary shares in the Company.

Wicklow means Wicklow Properties Pty Limited ACN 123 501 477.

Online meeting guide

Getting started

If you choose to participate online you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your votes in real time. To participate online visit <https://web.lumiagm.com> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible.

To log in, you must have the following information:

Meeting ID

Meeting ID as provided in the Notice of Meeting.

317-905-882

Australian residents

- > **Username**
(SRN or HIN) and
- > **Password**
(postcode of your registered address).

Overseas Residents

- > **Username**
(SRN or HIN) and
- > **Password** (three-character country code) e.g. New Zealand - NZL; United Kingdom - GBR; United States of America - USA; Canada - CAN.

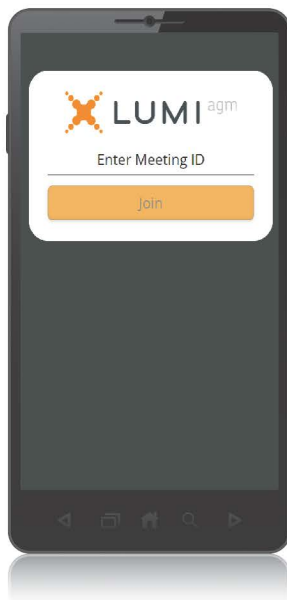
A full list of country codes is provided at the end of this guide.

Appointed Proxies

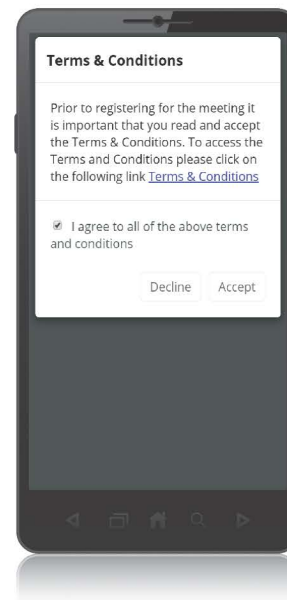
To receive your unique username and password, please contact Computershare Investor Services on +61 3 9415 4024 during the online registration period which will open 1 hour before the start of the meeting.

Participating at the meeting

- 1** To participate in the meeting you will be required to enter the unique 9-digit Meeting ID as provided in the Notice of Meeting.



- 2** To proceed into the meeting, you will need to read and accept the Terms & Conditions



Icon descriptions



Voting icon, used to vote. Only visible when the Chair opens the poll.



Home page icon, displays meeting information.

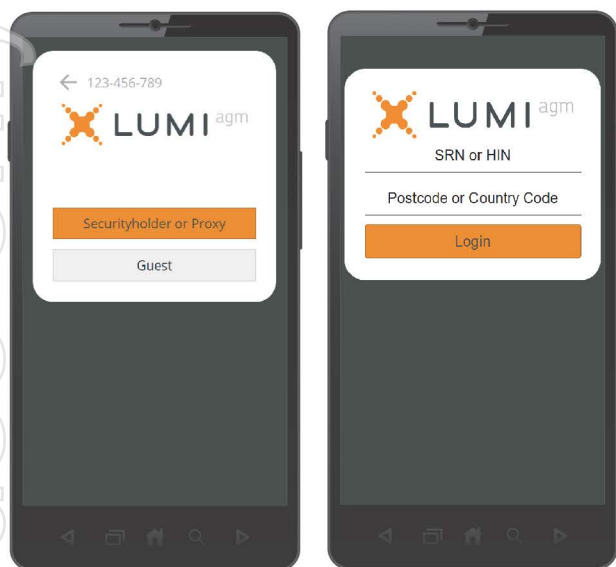


Questions icon, used to ask questions.

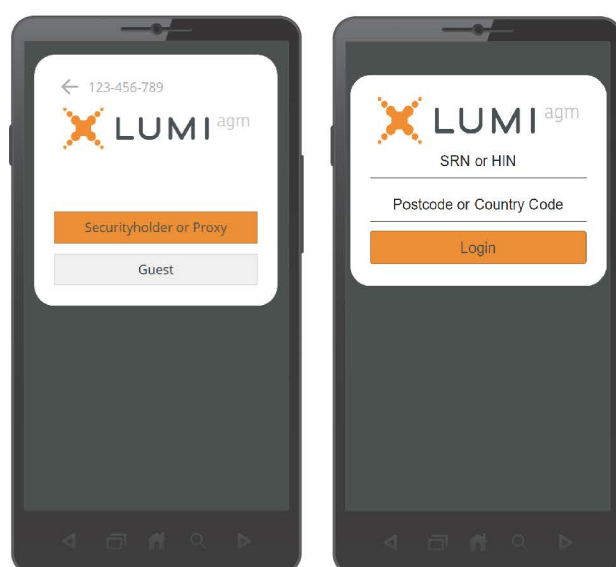


The broadcast bar allows you to view and listen to the proceedings.

- 3** To register as a securityholder, select 'Securityholder or Proxy' and enter your SRN or HIN and Postcode or Country Code.



- 4** To register as a proxyholder, select 'Securityholder or Proxy' and you will need your username and password as provided by Computershare. In the 'SRN or HIN' field enter your username and in the 'Postcode or Country Code' field enter your password.



- 5** To register as a guest, select 'Guest' and enter your name and email address.



- 6** Once logged in, you will see the home page, which displays the meeting title and name of the registered securityholder or nominated proxy.



Icon descriptions



Voting icon, used to vote. Only visible when the Chair opens the poll.



Home page icon, displays meeting information.



Questions icon, used to ask questions.




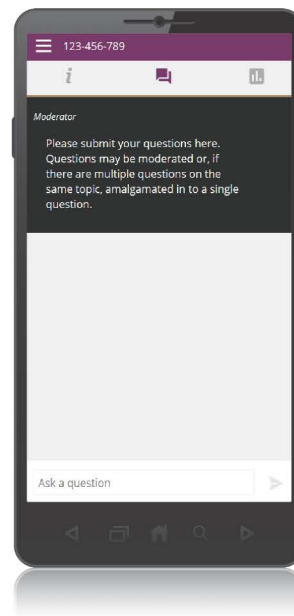
Broadcast




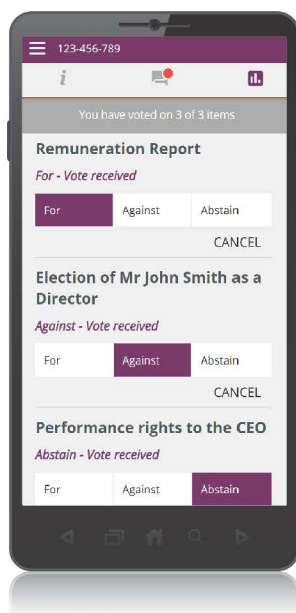
- 7 To view the webcast you must tap the broadcast arrow on your screen and press the play button. Toggle between the up and down arrow to switch between screens.






- 8 To ask a question tap on the question icon , type your question in the chat box at the bottom of the screen and select the send icon. Confirmation that your message has been received will appear.



- 9 When the Chair declares the poll open:
- > A voting icon  will appear on screen and the meeting resolutions will be displayed
 - > To vote, tap one of the voting options. Your response will be highlighted
 - > To change your vote, simply press a different option to override
- The number of items you have voted on or are yet to vote on, is displayed at the top of the screen. Votes may be changed up to the time the Chair closes the poll.



Icon descriptions

	Voting icon, used to vote. Only visible when the Chair opens the poll.
	Home page icon, displays meeting information.
	Questions icon, used to ask questions.

For Assistance

If you require assistance before or during the meeting please call +61 3 9415 4024

COUNTRY CODES

Select your country code from the list below and enter it into the 'Postcode or Country Code' field.

ABW ARUBA	DEU GERMANY	KHM CAMBODIA	PRK KOREA DEM PEOPLES	TJK TAJIKISTAN
AFG AFGHANISTAN	DJI DJIBOUTI	KIR KIRIBATI	REPUBLIC OF	TKL TOKELAU
AGO ANGOLA	DMA DOMINICA	KNA ST KITTS AND NEVIS	PRT PORTUGAL	TKM TURKMENISTAN
AIA ANGUILLA	DNK DENMARK	KOR KOREA REPUBLIC OF	PRY PARAGUAY	TLS EAST TIMOR
ALA ALAND ISLANDS	DOM DOMINICAN REPUBLIC	KWT KUWAIT	PSE PALESTINIAN TERRITORY	DEMOCRATIC REP OF
ALB ALBANIA	DZA ALGERIA	LAO LAO PDR	OCCUPIED	TMP EAST TIMOR
AND ANDORRA	ECU ECUADOR	LBN LEBANON	PYF FRENCH POLYNESIA	TON TONGA
ANT NETHERLANDS ANTILLES	EGY EGYPT	LBR LIBERIA	QAT QATARPL NEPAL	TTO TRINIDAD & TOBAGO
ARE UNITED ARAB EMIRATES	ERI ERITREA	LBY LIBYAN ARAB	NRU NAURU	TKM TURKMENISTAN
ARG ARGENTINA	ESH WESTERN SAHARA	JAMAHIRIYA	NZL NEW ZEALAND	TLS EAST TIMOR
ARM ARMENIA	ESP SPAIN	LCA ST LUCIA	OMN OMAN	DEMOCRATIC REP OF
ASM AMERICAN SAMOA	EST ESTONIA	LIE LIECHTENSTEIN	PAK PAKISTAN	TMP EAST TIMOR
ATA ANTARCTICA	ETH ETHIOPIA	LKA SRI LANKA	PAN PANAMA	TON TONGA
ATF FRENCH SOUTHERN	FIN FINLAND	LSO LESOTHO	PCN PITCAIRN ISLANDS	TTO TRINIDAD & TOBAGO
TERRITORIES	FJI FIJI	LTU LITHUANIA	PER PERU	TZA TANZANIA UNITED
ATG ANTIGUA AND BARBUDA	FLK FALKLAND ISLANDS	LUX LUXEMBOURG	PHL PHILIPPINES	REPUBLIC OF
AUS AUSTRALIA	(MALVINAS)	LVA LATVIA	PLW PALAU	UGA UGANDA
AUT AUSTRIA	FRA FRANCE	MAC MACAO	PNG PAPUA NEW GUINEA	UKR UKRAINE
AZE AZERBAIJAN	FRO FAROE ISLANDS	MAF ST MARTIN	POL POLAND	UMI UNITED STATES MINOR
BDI BURUNDI	FSM MICRONESIA	MAR MOROCCO	PRI PUERTO RICO	OUTLYING
BEL BELGIUM	GAB GABON	MCO MONACO	PRK KOREA DEM PEOPLES	URY URUGUAY
BEN BENIN	GBR UNITED KINGDOM	MDA MOLDOVA REPUBLIC OF	REPUBLIC OF	USA UNITED STATES OF
BFA BURKINA FASO	GEO GEORGIA	MDG MADAGASCAR	PRT PORTUGAL	AMERICA
BGD BANGLADESH	GGY GUERNSEY	MDV MALDIVES	PRY PARAGUAY	UZB UZBEKISTAN
BGR BULGARIA	GHA GHANA	MEX MEXICO	PSE PALESTINIAN TERRITORY	VAT HOLY SEE (VATICAN CITY
BHR BAHRAIN	GIB GIBRALTAR	MHL MARSHALL ISLANDS	OCCUPIED	STATE)
BHS BAHAMAS	GIN GUINEA	MKD MACEDONIA FORMER	PYF FRENCH POLYNESIA	VCT ST VINCENT & THE
BIH BOSNIA & HERZEGOVINA	GLP GUADELOUPE	YUGOSLAV REP	QAT QATAR	GRENADINES
BLM ST BARTHELEMY	GMB GAMBIA	MLI MALI	REU REUNION	VEN VENEZUELA
BLR BELARUS	GNB GUINEA-BISSAU	MLT MALTA	ROU ROMANIA	VGB BRITISH VIRGIN ISLANDS
BLZ BELIZE	GNQ EQUATORIAL GUINEA	MMR MYANMAR	RUS RUSSIAN FEDERATION	VIR US VIRGIN ISLANDS
BMU BERMUDA	GRC GREECE	MNE MONTENEGRO	RWA RWANDA	VNM VIETNAM
BOL BOLIVIA	GRD GRENADA	MNG MONGOLIA	SAU SAUDI ARABIA KINGDOM	VUT VANUATU
BRA BRAZIL	GRL GREENLAND	MNP NORTHERN MARIANA	OF	WLF WALLIS AND FUTUNA
BRB BARBADOS	GTM GUATEMALA	ISLANDS	SCG SERBIA AND	WSM SAMOA
BRN BRUNEI DARUSSALAM	GUF FRENCH GUIANA	MOZ MOZAMBIQUE	MONTENEGRO	YEM YEMEN
BTN BHUTAN	GUM GUAM	MRT MAURITANIA	SDN SUDAN	YMD YEMEN
BUR BURMA	GUY GUYANA	MSR MONTserrat	SEN SENEGAL	DEMOCRATIC
BVT BOUVET ISLAND	HKG HONG KONG	MTQ MARTINIQUE	SGP SINGAPORE	YUG YUGOSLAVIA SOCIALIST
BWA BOTSWANA	HMD HEARD AND McDONALD	MUS MAURITIUS	SGS STH GEORGIA & STH	FED REP
BLR BELARUS	ISLANDS	MWI MALAWI	SANDWICH ISL	ZAF SOUTH AFRICA
CAF CENTRAL AFRICAN	HND HONDURAS	MYS MALAYSIA	SHN ST HELENA	ZAR ZAIRE
REPUBLIC	HRV CROATIA	MYT MAYOTTE	SJM SVALBARD & JAN MAYEN	ZMB ZAMBIA
CAN CANADA	HTI HAITI	NAM NAMIBIA	SLB SOLOMON ISLANDS	ZWE ZIMBABWE
CCK COCOS (KEELING)	HUN HUNGARY	NCL NEW CALEDONIA	SLE SIERRA LEONE	
ISLANDS	IDN INDONESIA	NER NIGER	SLV EL SALVADOR	
CHE SWITZERLAND	IMN ISLE OF MAN	NFK NORFOLK ISLAND	SMR SAN MARINO	
CHL CHILE	IND INDIA	NGA NIGERIA	SOM SOMALIA	
CHN CHINA	IOT BRITISH INDIAN OCEAN	NIC NICARAGUA	SPM ST PIERRE AND	
CIV COTE D'IVOIRE	TERRITORY	NIU NIUE	MIQUELON	
CMR CAMEROON	IRL IRELAND	NLD NETHERLANDS	SRB SERBIA	
COD CONGO DEMOCRATIC	IRN IRAN ISLAMIC	NOR NORWAY	STP SAO TOME AND	
REPUBLIC OF	REPUBLIC OF	PL NEPAL	PRINCIPE	
COG CONGO PEOPLES	IRQ IRAQ	NRU NAURU	SUR SURINAME	
REPUBLIC OF	ISL ICELAND	NZL NEW ZEALAND	SVK SLOVAKIA	
COK COOK ISLANDS COL	ISM BRITISH ISLES	OMN OMAN	SVN SLOVENIA	
COLOMBIA	ISR ISRAEL	PAK PAKISTAN	SWE SWEDEN	
COM COMOROS	ITA ITALY	PAN PANAMA	SWZ SWAZILAND	
CPV CAPE VERDE	JAM JAMAICA	PCN PITCAIRN ISLANDS	SYC SEYCHELLES	
CRI COSTA RICA	JEY JERSEY	PER PERU	SYR SYRIAN ARAB REPUBLIC	
CUB CUBA	JOR JORDAN	PHL PHILIPPINES	TCA TURKS AND CAICOS	
CXR CHRISTMAS ISLAND	JPN JAPAN	PLW PALAU	ISLANDS	
CYM CAYMAN ISLANDS	KAZ KAZAKHSTAN	PNG PAPUA NEW GUINEA	TCO CHAD	
CYP CYPRUS	KEN KENYA	POL POLAND	TGO TOGO	
CZE CZECH REPUBLIC	KGZ KYRGYZSTAN	PRI PUERTO RICO	THA THAILAND	

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00 am (AEDT)**
Wednesday 17 March 2021

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes you are entitled to cast at the meeting. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001(Cth)) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 185000

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Ovato Limited hereby appoint

☐

the Chairman
of the Meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Ovato Limited to be held virtually via an online platform at <https://web.lumiagm.com> with meeting ID 317-905-882 on Friday 19 March 2021 at 11:00 am (AEDT) and at any adjournment or postponement of that meeting.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

1. Approval of the issue of 3,480,000,000 shares in the Company pursuant to the Equity Conversion

For

☐

Against

☐

Abstain

☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /