



O V A T O

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Pyrmont NSW 2009
www.ovato.com.au

27 May 2019

Retail Entitlement Offer Booklet

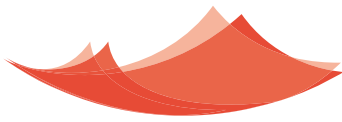
The retail component of Ovato Limited's accelerated non-renounceable pro-rata 1 for 2.3 entitlement offer announced on Monday, 20 May 2019 (**Retail Entitlement Offer**) opens today and will close at 5:00pm (Sydney time) on Wednesday, 5 June 2019.

The attached Retail Entitlement Offer Booklet and sample Entitlement and Acceptance Form will be mailed to eligible shareholders today in relation to the Retail Entitlement Offer.

If you have any questions about the Retail Entitlement Offer you should seek advice from your stockbroker, accountant or other independent professional adviser or the Ovato Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) at any time between 8:30am to 5:30pm (Sydney time) on Monday to Friday, up to the closing date of the Retail Entitlement Offer at 5:00pm (Sydney time) on Wednesday, 5 June 2019.

ENDS

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OVATO LIMITED
ABN 39 050 148 644


For all enquiries:

Phone:
 (within Australia) 1300 556 161
(outside Australia) 61 3 9415 4000

Web:
 www.investorcentre.com/contact

OVT
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:

 See overleaf for details of the Offer and how to make your payment

Non-Renounceable Rights Issue — Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (Sydney time) 5 June 2019**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you accept your full Entitlement, you can also apply for Additional New Shares. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Retail Entitlement Offer Booklet dated 27 May 2019.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**Ovato Retail Offer**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

Ovato Limited Non-Renounceable Rights Issue
Payment must be received by 5:00pm (Sydney time) 5 June 2019


© Registered to **BPAY** Pty Limited ABN 69 079 137 518

Entitlement and Acceptance Form

X 9999999991

I ND

STEP 1 Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 12345678

Offer Details: Existing shares entitled to participate as at
22 May 2019:

Entitlement to New Shares
on a 1 for 2.3 basis:


Amount payable on full acceptance
at A\$0.07 per New Share:

4,000


1

\$0.01

STEP 2 Make Your Payment

 **Bill Code:** 999999999
Ref No: 1234 5678 9123 4567 89

Pay by Mail:

 Make your cheque, bank draft or money order payable to "Ovato Retail Offer"
and cross "Not Negotiable".

Return your cheque with the below payment slip to:

Ovato Limited

C/- Computershare Investor Services Pty Limited

GPO BOX 505 Melbourne Victoria 3001 Australia

Contact your financial institution to make your
payment from your cheque or savings account.

Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm (Sydney time) 5 June 2019. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Ovato Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm (Sydney time) 5 June 2019. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Ovato Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

[Detach here](#)

Ovato Limited Acceptance Payment Details

Entitlement taken up:

Number of Additional New Shares applied for:

Amount enclosed at A\$0.07 per New Share: **A\$**



Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5:00pm (Sydney time) 5 June 2019

Contact Details

Contact Name _____ **Daytime Telephone** _____

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

123456789123456789+000000001-3051+14

Retail Entitlement Offer Booklet

Ovato Limited

ABN 39 050 148 644

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Retail 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 Retail 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.

1 for 2.3 pro-rata accelerated non-renounceable entitlement offer of Ovato Limited ordinary shares at an offer price of \$0.07 per New Share

2019

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IMPORTANT NOTICES

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

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Future performance and forward looking statements

This Retail 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 Retail 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 5.2 of this Retail 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 Retail 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 Retail 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 Retail 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 Retail 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 Retail 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 Retail 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 Retail Entitlement Offer Booklet, references to 'you' are references to Eligible Retail Shareholders and references to 'your Entitlement' and 'your Entitlement and Acceptance Form' are references to the Entitlement (being the Retail Entitlement) and the Entitlement and Acceptance Form, respectively, of Eligible Retail Shareholders (as defined in Section 6.1).

Times and dates

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

Currency

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

Trading New Shares

Ovato and Wilsons Corporate Finance Limited (ABN 65 057 547 323) (the Underwriter) 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 6 for more details.

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Key Dates

Event	Date
Trading halt, announcement of the Offer and release of Investor Presentation	20 May 2019
Institutional Entitlement Offer opens	20 May 2019
Institutional Entitlement Offer closes	21 May 2019
Institutional Shortfall Bookbuild	21 May 2019
Announce results of Institutional Entitlement Offer on ASX	22 May 2019
Trading halt lifted and resumption of trading on ASX	22 May 2019
Record Date for determining Retail Entitlement Offer eligibility	22 May 2019
Retail Entitlement Offer Opens. Retail Entitlement Offer Booklet and personalised Entitlement and Acceptance Form despatched	27 May 2019
Settlement of Institutional Entitlement Offer	29 May 2019
Allotment and trading of New Shares under Institutional Entitlement Offer	30 May 2019
Last day to extend Retail Entitlement Offer close date	31 May 2019
Retail Entitlement Offer Closes ¹	5 June 2019
Announce results of Retail Entitlement Offer	11 June 2019
Settlement of Retail Entitlement Offer	13 June 2019
Allotment and Issue of New Shares under Retail Entitlement Offer and Top Up Facility	14 June 2019
Trading and Quotation of new shares under Retail Entitlement Offer and Top Up Facility	17 June 2019
Holding statements sent to retail shareholders	18 June 2019

The timetable above is (except where historical) indicative only and may be subject to change. Ovato, in conjunction with the Underwriter (as defined in Section 6.14), 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 Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail 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 Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

¹ Eligible Retail 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 Retail Shareholders on or about 27 May 2019. If you are unable to pay by BPAY®, you are able to pay by cheque, bank draft or money order. Payment must be received by no later than 5 pm (Sydney time) on 5 June 2019. Eligible Retail Shareholders should refer to Section 4 for options available to them to deal with their Entitlement.



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) if you have any questions, or consult your stockbroker, accountant or other professional adviser.

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Letter from the Chairman

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 underwritten accelerated non-renounceable pro rata entitlement offer (Entitlement Offer) to raise approximately A\$15.5 million.

The Entitlement Offer comprises:

- (a) an accelerated non-renounceable institutional entitlement offer (Institutional Entitlement Offer), under which eligible institutional shareholders will be invited to take up all or part of their entitlement at a fixed price of \$0.07 per New Share (Offer Price). Eligible institutional shareholders are institutional shareholders to whom the Underwriter made an offer on behalf of Ovato under the Institutional Entitlement Offer (Eligible Institutional Shareholders). Under the Institutional Entitlement Offer, Entitlements not taken up by existing Eligible Institutional Shareholders will be offered to new and existing institutional investors by way of an institutional bookbuild (Institutional Shortfall Bookbuild) at the Offer Price; and
- (b) a non-renounceable retail entitlement offer (Retail Entitlement Offer), under which eligible retail shareholders will be invited to take up all or part of their entitlement at the Offer Price. Retail shareholders may also apply for additional shares in excess of their Entitlements at the Offer Price via the Top Up Facility. The Retail Entitlement Offer will be conducted immediately after the close of the Institutional Entitlement Offer.

Wilson's Corporate Finance Limited (ABN 65 057 547 323) (Underwriter) has agreed to fully underwrite the Entitlement Offer and act as sole lead manager, and, in turn, the Hannan Family (as defined in Section 6.3 below) (Sub-Underwriter) will fully sub-underwrite the Entitlement Offer.

The Company has successfully completed the Institutional Entitlement Offer which raised approximately \$11 million.

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

Details of the Retail Entitlement Offer

Under the Retail Entitlement Offer, eligible shareholders are invited to participate in the Retail Entitlement Offer to acquire 1 New Share for every 2.3 existing Ovato ordinary shares (Shares) held on the record date, being 7:00 pm (Sydney time) on Wednesday, 22 May 2019 (Record Date).

The Offer Price of \$0.07 represents a discount of:

- 4.6% to the 5 day VWAP² of Ovato's shares traded on ASX based on the closing price of Ovato as at Friday, 17 May 2019; and
- 5.4% to the 10 day VWAP of Ovato's shares traded on ASX based on the closing price of Ovato as at Friday, 17 May 2019.

Eligible retail 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 4.6(a) of this Retail Entitlement Offer Booklet). The allocation of the Additional New Shares will be at the discretion of Ovato. If the Eligible Retail Shareholders fail to subscribe for all of the Additional New Shares under the Top Up Facility, Ovato may offer an equivalent number of Shares (to the remaining balance of the Additional New Shares) to sophisticated and/or professional investors (under section 708 of the Corporations Act) on the same terms as the Entitlement Offer.

The Retail Entitlement Offer is expected to raise an estimated \$4.5 million. New Shares issued under the Retail Entitlement Offer will rank equally with existing Shares.

² VWAP means the volume weighted average price.

How To Apply?

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

The Retail Entitlement Offer closes at 5.00 pm (Sydney time) on Wednesday, 5 June 2019. 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 Retail Entitlement Offer Booklet. Further information about how to apply for New Shares is set out in Section 4.

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 6.3 below) (who, as at 20 May 2019, have a relevant interest in Ovato of 40.36%), have stated that they will take up 100% of their entitlement as part of the Entitlement Offer, and have agreed to sub-underwrite the Entitlement Offer in its entirety.

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 under the Entitlement Offer and sub-underwriting arrangements with the Underwriter, then the Hannan Family's relevant interest will increase by 17% to approximately 58%. See Section 6.3 for further information on the potential control impacts of the Entitlement Offer on Ovato.

All Ovato directors who hold shares in Ovato have stated they intend to take up some or all of their entitlements.

Further Information

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

You should carefully read this Retail 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 5.2 of this Retail 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 Retail Entitlement Offer, please call Ovato's share registry manager, Computershare Investor Services Pty Limited (Computershare), 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

A handwritten signature in black ink, reading "Matthew Bickford-Smith".

Matthew Bickford-Smith
Chair, Ovato Limited

2. Is this retail entitlement offer booklet relevant to you?

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

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

Eligible Retail Shareholders are those persons who:

- (a) are registered as a holder of Shares as at the Record Date, being 7.00 pm (Sydney time) 22 May 2019;
- (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);
- (d) were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer,

(Eligible Retail Shareholders).

Refer to Section 6.1 for further details.

3. Summary of options available to you

If you are an Eligible Retail Shareholder (as defined in Section 2) 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 will receive no value for those lapsed Entitlements.

If you are a retail shareholder as at the Record Date who is not an Eligible Retail Shareholder, you are an Ineligible Retail Shareholder. Ineligible Retail Shareholders are not entitled to participate in the Entitlement Offer.

	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 4.6(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 Retail Entitlement Offer closes at 5.00 pm (Sydney time) on 5 June 2019. If you take up all of your Entitlement your percentage holding in Ovato will remain the same.
2	Take up all of your	If you take up all of your Entitlement, you may elect to

	Options available to you	Key considerations
	Entitlement and apply for Additional New Shares	apply for Additional New Shares in excess of your Entitlement under the Top Up Facility (see Section 4.6(a) for instructions on how to apply for Additional New Shares).
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 will not receive any payment or value for those Entitlements not taken up. 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 will receive no 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. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable, which means it is non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can it be privately transferred. If you do not take up your Entitlement, you will have your percentage holding in Ovato reduced as a result of the Entitlement Offer.

4. How to apply

4.1 Overview of the Entitlement Offer

Ovato intends to raise approximately \$15.5 million under the Entitlement Offer.

Eligible shareholders are being offered the opportunity to acquire 1 New Share for every 2.3 existing Shares held as at the Record Date, at the Offer Price of \$0.07 per New Share.

The Entitlement Offer comprises two components:

- (a) Institutional Entitlement Offer – Eligible Institutional Shareholders (as defined in the Letter from the Chairman) were given the opportunity to take up all or part of their Entitlements. Entitlements under the Institutional Entitlement Offer (Institutional Entitlements) were non-renounceable and were not able to trade on ASX; and
- (b) Retail Entitlement Offer – Eligible Retail Shareholders (as defined in Section 2) will be allotted Retail Entitlements under the Retail Entitlement Offer, 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 your Entitlement will lapse and you will receive no value for those lapsed Entitlements.

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

The Entitlement Offer is fully underwritten by the Underwriter. Further details on the Retail Entitlement Offer are set out below.

4.2 The Institutional Entitlement Offer

On 21 May 2019, Ovato successfully conducted the Institutional Entitlement Offer at the Offer Price of \$0.07 per New Share.

New Shares not taken up under the Institutional Entitlement Offer, and New Shares that would have otherwise been offered to Ineligible Institutional Shareholders, had they been

eligible to participate in the Institutional Entitlement Offer, were offered under the Institutional Shortfall Bookbuild completed on 21 May 2019. The Offer Price under the Institutional Shortfall Bookbuild was \$0.07 per New Share, being the same price as the Offer under the Entitlement Offer. Any remaining New Shares not taken up under the Institutional Shortfall Bookbuild were subscribed for A\$0.07 per New Share by the Sub-Underwriter pursuant to its sub-underwriting obligations. The Institutional Entitlement Offer raised \$11 million.

New Shares to be issued under the Institutional Entitlement Offer and the Institutional Shortfall Bookbuild are expected to be issued on 30 May 2019.

4.3 The Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to apply for 1 New Share for every 2.3 existing Shares held as at the Record Date at the Offer Price of \$0.07 per New Share.

The offer ratio and Offer Price under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens at 9.00 am (Sydney time) 27 May 2019 and will close at 5.00 pm (Sydney time) on 5 June 2019.

4.4 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 2.3 existing Shares 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.

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

See Sections 6.1 and 6.13 for information on restrictions on participation.

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

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This Retail 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 Retail Entitlement Offer. As a result, it is important for you to read carefully and understand the information on Ovato and the Retail 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 Retail 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 Retail 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 Retail Entitlement Offer. You should also refer to the Key Risks section of the Ovato Investor Presentation included in Section 5.2 of this Retail Entitlement Offer Booklet.

4.6 Options available to you

If you are an Eligible Retail 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:

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

- (i) 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 5 June 2019. If you are unable to pay by BPAY®, please refer to Section 4.8(b) below. 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 Retail 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 Retail Entitlement Offer, it is expected that you will be issued New Shares on 14 June 2019. 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 New Shares will be issued to you at the same time that other New Shares are issued under the Retail Entitlement Offer. New Shares will only be allocated to Eligible Retail 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 Retail Shareholders, or persons claiming to be Eligible Retail 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 (see Section 6.6).

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 6.2 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.

- (ii) If you take no action

If you take no action you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

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

4.7 Ineligible Retail Shareholders

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

4.8 Payment

Payment should be made using BPAY® if possible. New Zealand shareholders who do not have an Australian bank account, and other shareholders who are unable to pay by BPAY®, will be able to pay by cheque, bank draft or money order (see below at Section 4.8(b)).

Cash 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.

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 Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

If you are unable to pay by BPAY®, please refer below to Section 4.8(b).

(a) 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.

If you are 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 on that Entitlement and Acceptance Form and in Section 4.10 of this Retail 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 5 June 2019. 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.

(b) If you are unable to pay by BPAY®

If you are unable to pay by BPAY®, you are able to pay by cheque, bank draft or money order.

Ovato encourages payments by BPAY® if possible.

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by the cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to 'Ovato Retail Offer' and crossed 'Not Negotiable'.

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.07 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

If you wish to apply for Additional New Shares under the Top Up Facility, please nominate the number of Additional New Shares you wish to subscribe for on the Entitlement and Acceptance Form where indicated and then return the completed Entitlement and Acceptance Form together with a cheque, bank draft, or money order for the applicable amount of Application Monies (for your Entitlement plus the number of Additional New Shares you wish to subscribe for).

If paying by cheque, you should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque, bank draft or money order for Application Monies (or the amount for which the cheque, bank draft or money order clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

4.9 Mail

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00 pm (Sydney time) on 5 June 2019. If you are making payment via cheque, bank draft or money order, you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Ovato Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001
AUSTRALIA

Since your payment needs to actually be received by the close of the Retail Entitlement Offer, you should allow time for delivery by mail.

Acceptances will not be valid if received after the Closing Date of 5.00pm (Sydney time) 5 June 2019.

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at Ovato's registered or corporate offices, or offices of the Share Registry.

4.10 Representations by acceptance

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented to Ovato that you are an Eligible Retail Shareholder and:

- (a) acknowledge that you have read and understand this Retail Entitlement Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- (b) agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail 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 personalised Entitlement and Acceptance Form or any 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) specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- (h) authorise Ovato, the Underwriter, 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 Retail 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 Retail 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 5.2 of this Retail Entitlement Offer Booklet, and that investments in Ovato are subject to risk;
- (m) acknowledge that none of Ovato, the Underwriter, 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 Retail Entitlement Offer and of your holding of Shares on the Record Date;
- (o) authorise Ovato to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- (p) represent and warrant (for the benefit of Ovato, the Underwriter and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee,

are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;

- (q) acknowledge and agree that determination of eligibility of investors for the purposes of the institutional or retail components 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 Underwriter, and each of Ovato and the Underwriter 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;
- (r) represent and warrant that the law of any place does not prohibit you from being given this Retail 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 Retail Entitlement Offer;
- (s) represent and warrant (for the benefit of Ovato, the Underwriter 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;
- (t) 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;
- (u) agree that you have not and will not send this Retail Entitlement Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail 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
- (v) 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.

4.11 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.

4.12 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 Retail Entitlement Offer Booklet.

5. ASX ANNOUNCEMENTS

5.1 Offer launch announcement dated 20 May 2019



20 May 2019

Ovato Limited announces fully underwritten Entitlement Offer to raise approximately \$15.5 million and FY19 Trading Update

Ovato Limited (ASX: OVT) (**Ovato** or the **Company**) is pleased to advise that it has launched a fully underwritten accelerated non-renounceable entitlement offer to existing shareholders, offering 1 new fully paid ordinary share in Ovato for every 2.3 shares held at the record date (**New Shares**) at A\$0.07 per New Share (**Offer Price**) to raise gross proceeds of approximately A\$15.5 million (**Entitlement Offer**).

Ovato will primarily use the funds from the Entitlement Offer to:

- strengthen the Company's balance sheet by reducing leverage and providing additional financial flexibility; and
- accelerate the completion of the NSW Site Consolidation project.

Ovato's Strategy

- Ovato's strategy is to create a smarter, sustainable and more profitable platform capable of turning audiences into customers.
- This strategy is being implemented via providing enhanced value and product breadth to customers, together with a continued pursuit of operational efficiencies.
- Ovato continues to reduce its underlying cost base, while building capabilities with data and new technology to enhance customer value and drive growth.

Trading Update and FY19 Outlook

In line with the Company's stated strategy Ovato has continued to focus on cost-out initiatives, including the NSW Site Consolidation to the "Super Site" which is on track to be completed earlier than expected and on budget. The NSW Site Consolidation is expected to deliver total annualised savings of approximately \$24 million from FY21 (\$4 million in FY19, \$14 million in FY20 and \$6 million in FY21). Additionally, Australian Print and Distribution catalogue volumes from Tier 1 retailers have remained resilient and in line with expectations. However, the Company has faced challenging industry headwinds resulting in:

- Print Australia revenues have been softer than expected with revenue in 2H FY19 expected to be down approximately 12% on FY18 due to:
 - A fall in newspaper volumes at a greater pace than expected, following masthead closures and move to cold-set printing by publishers;
 - Increased competition for Ovato's publishing and retail customers;
 - Softer retail conditions and temporary reduction in activity associated with the recent NSW State and Federal elections which has led to lower than expected uncontracted new business; and

- Ovato NZ revenues lower than expected due to industry overcapacity and continued price led pursuit of market share.

Outlook for the remainder of the financial year ending 30 June 2019:

- Updated FY19 EBITDA guidance to be in the range of \$30 million – \$33 million¹
 - Previously guided to around the low end of \$37 million - \$40 million¹
- FY19 Net Debt of approximately to be reduced to \$42 million to \$46 million following receipt of Entitlement Offer proceeds
 - Previously guided to \$45 million - \$50 million
- Pro Forma FY19 Net Debt to EBITDA expected to reduce to circa 1.4x²

Ovato believe the implementation of its various strategies in building an integrated print media and marketing services business with a diverse stream of revenue sources will drive an efficient and profitable Ovato in the future.

Entitlement Offer overview

The Entitlement Offer will comprise two components:

- an accelerated entitlement offer to existing institutional shareholders of Ovato (**Institutional Entitlement Offer**); and
- an entitlement offer to existing eligible retail shareholders of Ovato (**Retail Entitlement Offer**), who will participate at the same Offer Price and offer ratio.

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

Michael Hannan, James Hannan, Lindsay Hannan, Sayman Pty Ltd in its capacity as trustee of the Lindsay Hannan Family Trust, Adrian O'Connor and Richard O'Connor (the **Hannan Family**) currently have a relevant interest of 40.36% in the Company.³ The Hannan Family has stated that they will take up their full pro rata entitlement under the Entitlement Offer. The Hannan Family have also agreed to subscribe for any entitlements which are not taken up by existing shareholders in the Entitlement Offer or not subscribed for by existing and new investors in the shortfall bookbuild or top up facility. The Directors, who hold Shares in Ovato, and Chief Executive Officer will take up their full entitlements.

Under the Entitlement Offer, eligible Ovato shareholders may subscribe for 1 New Share for every 2.3 Ovato shares held at the record date of 7:00pm (Sydney time) on Wednesday, 22 May 2019 at the Offer Price per new share (**Entitlement**). The Offer Price of A\$0.07 per New Share represents a discount of:

- 4.6% to the 5 day VWAP⁴ of Ovato's shares traded on ASX based on the closing price of Ovato as at Friday, 17 May 2019; and

¹ Pre-significant items.

² Pro forma FY19 Net Debt to EBITDA based on mid-point of both FY19 EBITDA and Pro Forma FY19 Net Debt guidance range.

³ Pursuant to a voting deed entered into between Lindsay Hannan (the Company's largest shareholder, with a shareholding of 19.94%), Adrian & Richard O'Connor, Michael Hannan, James Hannan, and Sayman Pty Ltd in its capacity as trustee of the Lindsay Hannan Family Trust.

⁴ VWAP means the volume weighted average price.

- 5.4% to the 10 day VWAP of Ovato's shares traded on ASX based on the closing price of Ovato as at Friday, 17 May 2019.

Under the Institutional Entitlement Offer, Entitlements not taken up by existing institutional shareholders will be offered to new and existing institutional investors by way of an institutional bookbuild (**Institutional Shortfall Bookbuild**) at the Offer Price on 21 May 2019.

The Retail Entitlement Offer will be open from Monday, 27 May 2019 to Wednesday, 5 June 2019. Entitlements not taken up by existing eligible retail shareholders, and entitlements of ineligible shareholders, will be offered to eligible investors by way of a top-up facility (**Top-Up Facility**), allowing eligible shareholders to subscribe for further New Shares. In the event that there are shares remaining after shares have been allocated under the Top-Up Facility, the Hannan Family will acquire the remaining shares as sub-underwriter.

Ovato expects to announce the outcome of the Institutional Entitlement Offer to ASX prior to market open on Wednesday, 22 May 2019 with trading of Ovato shares due to recommence on that day.

The Entitlement Offer has been fully underwritten by Wilsons Corporate Finance Limited (ABN 65 057 547 323), who are acting as Sole Lead Manager and Underwriter to the Entitlement Offer.

Eligibility criteria

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

- are registered as a holder of shares as at the Record Date;
- have a registered address, or are otherwise taken to be resident, in Australia or New Zealand (**Eligible Jurisdictions**);
- 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 Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders who are not Eligible Retail Shareholders and who were not invited to participate in the Institutional Entitlement Offer are ineligible (**Ineligible Shareholders**).

Anticipated Timetable*

Institutional Entitlement Offer opens	Monday, 20 May 2019
Institutional Entitlement Offer closes	Tuesday, 21 May 2019
Institutional Shortfall Bookbuild	Tuesday, 21 May 2019
Institutional Entitlement Offer results announced	Wednesday, 22 May 2019
Trading halt lifted and resumption of trading on ASX	
Record date for shareholders	7.00pm on Wednesday, 22 May 2019
Retail Entitlement Offer opens	Monday, 27 May 2019
Settlement of Institutional Entitlement Offer	Wednesday, 29 May 2019

Allotment of new shares under Institutional Entitlement Offer	Thursday, 30 May 2019
Retail Entitlement Offer closes	Wednesday, 5 June 2019
Retail Entitlement Offer results announced	Tuesday, 11 June 2019
Settlement of Retail Entitlement Offer	Thursday, 13 June 2019
Allotment of new shares under Retail Entitlement Offer and Top-Up Facility	Friday, 14 June 2019
Trading of new shares under Retail Entitlement Offer and Top-Up Facility	Monday, 17 June 2019

**Ovato reserves the right to change these dates without prior notice. All references to time are to Australian Eastern Standard Time (AEST) unless otherwise specified. The commencement of quotation of New Shares is subject to confirmation from ASX.*

Shareholder Enquiries

Eligible retail shareholders will be sent further details about the Entitlement Offer via a retail offer booklet expected to be lodged with ASX on Monday, 27 May 2019 and despatched on the same date.

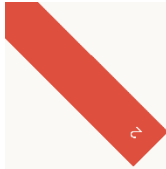
Further information in relation to the matters described in this announcement, including important notices and key risks, is set out in an investor presentation released by Ovato to the ASX today. The information in the Disclaimer and Important Notices section of that presentation applies to this announcement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

ENDS.

For personal use only



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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 pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in Ovato (New Shares) (Entitlement Offer). The Entitlement Offer will be made to:

- eligible institutional shareholders of Ovato (Institutional Entitlement Offer); and
- eligible retail shareholders of Ovato (Retail Entitlement Offer).

under section 708AA of the Corporations Act 2001 (Cth) (Corporations Act), as notionally modified by the Australian Securities and Investments Commission (ASIC) Legislative 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 current 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 any 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 investing 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. 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. 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

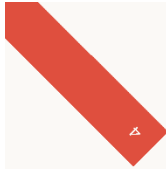
Past performance in this Presentation is given for illustrative purposes only and should not be relied upon (and is not) an indication of future performance including future share price information. Historical information in this Presentation relating to Ovato is information that has been released to 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, "FY19" refers to the financial year ending 30 June 2019.

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.



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EXECUTIVE SUMMARY

5

<p>OVT Strategy Update</p>	<ul style="list-style-type: none"> • Ovato Limited (“Ovato”, “OVT” or the “Company”) is Australia’s leading, integrated print and marketing company. The Company’s strategy to create a smarter, sustainable and more profitable platform capable of turning audiences into customers • This strategy is being implemented via providing enhanced value and product breadth to customers, together with a continued pursuit of operational efficiencies • Ovato continues to aggressively reduce its underlying cost base, while building capabilities with data and new technology to enhance customer value and drive growth
<p>FY19 Outlook / Trading Update</p>	<ul style="list-style-type: none"> • Updated FY19 EBITDA guidance in the range of \$30M - \$33M^{1,2} <ul style="list-style-type: none"> – Print Australia revenues softer than expected in 2H FY19 with FY19 revenue expected to be down approximately 12% on FY18 – Ovato NZ revenues lower than expected due to industry over capacity and continued price led pursuit of market share
<p>Entitlement Offer</p>	<ul style="list-style-type: none"> • Ovato is undertaking a 1 for 2.3 accelerated pro rata non-renounceable entitlement offer (“Entitlement Offer”) to raise approximately \$15.5M • The Entitlement Offer is fully underwritten
<p>Use of proceeds</p>	<ul style="list-style-type: none"> • The proceeds from the Entitlement Offer will be applied to: <ul style="list-style-type: none"> – Strengthening the Company’s balance sheet by reducing leverage and providing additional financial flexibility, and – Accelerating the completion of the NSW Site Consolidation project • Forecast FY19 Net Debt reduced to circa \$42M - \$46M following receipt of Entitlement Offer proceeds (“Pro Forma FY19 Net Debt”) • Pro Forma FY19 Net Debt/EBITDA to reduce to circa 1.4x times³
<p>Major shareholder and Director participation</p>	<ul style="list-style-type: none"> • Major shareholder, the Hannan family (comprising of Lindsay Hannan⁴, Michael Hannan, James Hannan, Adrian and Richard O’Connor) (collectively the “Hannan Family”), intend to take up their entitlement in full. The Hannan Family have also agreed to subscribe for any entitlements which are not taken up by existing shareholders in the Entitlement Offer • Each of the Directors who hold Shares in Ovato and the CEO intend to participate in the Entitlement Offer and fully take up their entitlements

Note:

1. EBITDA is pre-significant items.
2. Previous FY19 EBITDA (pre-significant items) guidance provided on 26 February 2019 was at or around the low end of guidance - \$37M - \$40M.
3. Pro forma FY19 Net Debt / EBITDA based on mid-point of both FY19 EBITDA and Pro Forma FY19 Net Debt guidance.
4. And related entities.

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WHO IS OVATO?

- Ovato is the largest integrated print, distribution and marketing company in Australia and New Zealand, producing and delivering catalogues, magazines, newspapers and books on behalf of a range of leading Australian publishers and retailers
- Ovato's printing facilities are strategically located in major capital cities, providing publishers and retailers with an unrivalled national footprint
- More than 100 years of print and distribution experience in Australia
- In 2017, the capabilities of two of the strongest players in the Australian/NZ print industry were combined, namely; PMP, an integrated print and distribution company, and IPMG, a print and digital services company. The combined Company was rebranded as Ovato in February 2019
- Ovato's core capabilities are:
 - Print and Distribution
 - Production
 - Agency
- Ovato works with brands who require reach and impact to drive their performance. Ovato's strategy is centered around its top 30 retail and publishing clients who account for 80% of the Company's print volumes
- In addition to its leading print and production capabilities, Ovato has evolved to provide a full breadth of marketing services to its customers

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OVATO STRATEGY



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OVATO STRATEGY

8

Ovato's objective is to create a smarter and sustainable business to deliver integrated marketing services that turn audiences into customers

1

Print and Distribution driven by data and technology

- Ovato's core print and distribution business is the foundation of retail marketing – the catalogue is the fundamental driver of sales in store
- Developments in data and technology build an opportunity to grow the breadth of Ovato's marketing products and increase the perception of the value the Company brings
- Ovato has opened new revenue streams and is increasing customer loyalty through data analytics and attribution modelling
- The business focus is on Tier 1 retailers with consistent demand for print and integrated marketing solutions for whom Ovato's unique national footprint is critical in achieving the shortest possible "time to market" deadlines

2

Cost management and operational efficiency

- The commitment to disciplined management of Ovato's cost base continues
- Consolidation of Ovato's two NSW sites into the single, highly efficient "Super Site" at Warwick Farm expected to bring material savings over the coming years
- Older press decommissioning and relocations, building works and redundancies have commenced (net heatset capacity reduction of circa 12%)
- On track for commissioning of the new press during October
- All relocation and press commissioning work is now forecast to be completed by October 2019 – earlier than originally forecasted

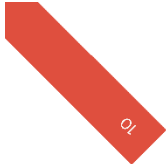


OVATO STRATEGY

OVATO AT THE END OF 2019

- A fully integrated marketing services organisation with highly efficient, integrated print and distribution sites
- Strategically located footprint with print and distribution facilities in NSW, QLD, VIC, SA, WA
- Australia's largest fully integrated heat set web, sheet fed and digital print & packaging facility with co-located distribution facilities at the Warwick Farm Super Site in NSW
- Enhanced revenues and higher margins are expected from new product streams through effective use of data and technology

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TRADING UPDATE AND FY19 OUTLOOK



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TRADING UPDATE AND FY19 OUTLOOK

NSW SITE CONSOLIDATION

NSW Site Consolidation to the “Super Site” is on track to be completed earlier than expected and on budget

- Estimated site consolidation total cash spend of approximately \$50M between FY19-FY21
- Cash spend includes purchase and installation of new 80pp cost effective Press at Warwick Farm, redundancies, site works, make good and press relocations (financing of press largely funded through ECA loan with Commerzbank)
- Total annualised savings of approximately \$24M from FY21 (\$4M in FY19, \$14M in FY20 and \$6M in FY21)

REVENUES

Print Australia revenues softer than expected in 2H FY19 with FY19 revenue expected to be down 12% on FY18 due to:

- Fall in newspaper volumes at a greater pace than expected, following masthead closures and move to cold-set printing by publishers;
- Increased competition for Ovato’s publishing and retail customers (following printing alignment between Fairfax and News Corp); and
- Softer retail conditions and temporary reduction in activity associated with the recent NSW State and Federal elections which has led to lower than expected uncontracted new business
- Australian print and distribution catalogue volumes from Tier 1 retailers have remained resilient and in line with expectations

Ovato NZ revenues lower than expected due to industry over capacity and continued price led pursuit of market share

TRADING UPDATE AND FY19 OUTLOOK

FY19 OUTLOOK

- Updated FY19 EBITDA guidance in the range of \$30M – \$33M¹
- Previously guided to around the low end of \$37M – \$40M¹
- Pro Forma FY19 Net Debt to be reduced to circa \$42M - \$46M following receipt of Entitlement Offer proceeds
- Previously guided to \$45M - \$50M
- Pro Forma FY19 Net Debt/EBITDA expected to reduce to circa 1.4x²
- Leverage is expected to rise through to 2.1x in 1H FY20 (due to financing of new press), however is expected to reduce to approximately 1.4x in 2H FY20

BEYOND FY19

- Ovato believe the implementation of its various strategies in building an integrated print media and marketing services business with a diverse stream of revenue sources will drive an efficient and profitable Ovato in the future
- Furthermore, Ovato believe its cost reduction initiatives will adequately offset structural decline in its heatset print business

Note:

1. Pre-significant items.
2. Pro forma FY19 Net Debt / EBITDA based on mid-point of both FY19 EBITDA and Pro Forma FY19 Net Debt guidance range.

POSITIVE FUTURE FOR OVATO

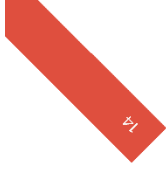
A MORE DIVERSIFIED OVATO

- The Company has been rebranded and repositioned as a fully integrated marketing services company for innovation and growth
- Continuing to seek industry solutions for the Ovato New Zealand and Australian Residential Distribution businesses

A MORE PROFITABLE OVATO

- Australia heatmap print pricing is expected to stabilise over time with some modest increases as contracts are renewed
- Australia retail catalogue print and distribution volumes are forecast to continue to be reflective of the industry and to reduce by 2% to 3% p.a. and the rate of decline in magazine publishing volume to stabilise with reductions of 10% p.a.
- Additional revenue and EBITDA expected from growth in custom magazine publishing and higher margin pre-media and marketing services
- Group EBITDA (before significant items) is expected to progressively increase each year from the FY19 results with the roll-out of key strategic initiatives identified to further reduce the operational infrastructure costs of the manufacturing footprint
 - Target for EBITDA margin increasing above 7.5% over the medium term
 - Disciplined capital allocation with maintenance capex to remain at circa \$5-8M p.a.
 - Significant items to decline and stabilize by FY21 to circa \$5-10M p.a.

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ENTITLEMENT OFFER DETAILS



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ENTITLEMENT OFFER DETAILS

<p>Offer size and structure</p>	<ul style="list-style-type: none"> • Approximately \$15.5M offer by way of a 1 for 2.3 pro rata accelerated non-ronounceable entitlement offer • Approximately 222M Ovato fully paid ordinary shares to be issued (“New Shares”), representing approximately 43% of current Ovato shares on issue • The Entitlement Offer will consist of an Institutional Entitlement Offer and Retail Entitlement Offer
<p>Offer Price</p>	<ul style="list-style-type: none"> • Offer price of \$0.07 per New Shares under the Entitlement Offer (“Offer Price”), which represents: <ul style="list-style-type: none"> – 4.6% discount to the 5 trading day volume weighted average price (“VWAP”), based on the closing price of Ovato as at Friday, 17 May 2019; and – 5.4% discount to the 10 trading day VWAP, based on the closing price of Ovato as at Friday, 17 May 2019
<p>Major shareholder commitment</p>	<ul style="list-style-type: none"> • Major shareholder, the Hannan Family (with a relevant interest of 40%), intends to take up their entitlement in full • The Hannan Family have also agreed to subscribe for any entitlements which are not taken up by existing shareholders in the Entitlement Offer or not subscribed for by existing and new investors in the shortfall bookbuild or top up facility • The Hannan Family shareholding (depending upon the take up of the Entitlement Offer by other Ovato shareholders) may increase from 40%¹ to a maximum of 58% of Ovato shares on issues post completion of the Entitlement Offer • In the event that the Hannan Family’s relevant interest increases over 50% as a result of the Entitlement Offer, the Hannan Family will have a controlling shareholding and the ability to pass ordinary 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
<p>Ranking</p>	<ul style="list-style-type: none"> • New Shares issued under the Entitlement Offer will rank equally with existing Ovato shares
<p>Institutional Entitlement Offer</p>	<ul style="list-style-type: none"> • The Institutional Entitlement Offer will be conducted on Monday, 20 May and Tuesday, 21 May 2019 • Institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional shareholders who apply for new shares in excess of their Entitlement, as well as to certain other eligible institutional investors who bid into the institutional bookbuild being conducted concurrently with the Institutional Entitlement Offer

Note: 1. Including any related entities.



ENTITLEMENT OFFER DETAILS (CONTINUED)

9

Retail Entitlement Offer	<ul style="list-style-type: none"> • The Retail Entitlement Offer will be open to eligible retail shareholders in Australia and New Zealand <ul style="list-style-type: none"> – the Retail Entitlement Offer opens Monday, 27 May 2019 and closes Wednesday, 5 June 2019 – Shareholders will be able to subscribe for shares in excess of their entitlement pursuant to a top-up facility
Lead Manager and Underwriter	<ul style="list-style-type: none"> • Wilsons is sole Lead Manager and Underwriter of the Entitlement Offer • The Entitlement Offer is fully underwritten at the Offer Price
Record Date	<ul style="list-style-type: none"> • 7:00pm (Sydney time) Wednesday, 22 May 2019

ENTITLEMENT OFFER TIMETABLE

7

Date ¹	Event
Monday, 20 May 2019	<ul style="list-style-type: none"> Commencement of trading halt and announce Entitlement Offer to the market Institutional Entitlement Offer opens
Tuesday, 21 May 2019	<ul style="list-style-type: none"> Institutional Entitlement Offer and institutional bookbuild closes (11:00am) Announcement of results of Institutional Entitlement Offer (pre-market open)
Wednesday, 22 May 2019	<ul style="list-style-type: none"> Trading halt lifted and Ovato shares recommence trading Record Date for Entitlement Offer (7.00pm)
Monday, 27 May 2019	<ul style="list-style-type: none"> Retail Entitlement Offer opens and dispatch of Retail Offer Booklet
Wednesday, 29 May 2019	<ul style="list-style-type: none"> Institutional Entitlement Offer Settlement
Thursday, 30 May 2019	<ul style="list-style-type: none"> Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer
Wednesday, 5 June 2019	<ul style="list-style-type: none"> Retail Entitlement Offer closes (5.00pm)
Tuesday, 11 June 2019	<ul style="list-style-type: none"> Announce results of Retail Entitlement Offer
Friday, 14 June 2019	<ul style="list-style-type: none"> Allotment of New Shares under the Retail Entitlement Offer
Monday, 17 June 2019	<ul style="list-style-type: none"> Quotation and normal trading of New Shares issued under the Retail Entitlement Offer

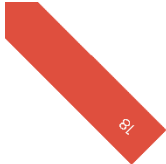
Note:

- 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.

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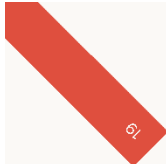
USE OF PROCEEDS



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USES OF PROCEEDS FROM THE OFFER

USE OF PROCEEDS

The \$15.5M of proceeds raised through the Entitlement Offer will be applied to: strengthening the Company’s balance sheet by reducing leverage and providing additional financial flexibility. Following completion of the Entitlement Offer Ovato expects to have Pro Forma FY19 Net Debt / EBITDA of approximately 1.4x1; and

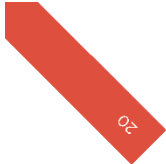
Accelerating the completion of the NSW Site Consolidation project

Sources	\$m	Uses	\$m
Entitlement Offer	15.5	Balance sheet strengthening and accelerating NSW Site Consolidation	14.8
		Equity raising costs	0.7
Total	15.5	Total	15.5

Note:
1. Pro forma FY19 Net Debt / EBITDA based on mid-point of both FY19 EBITDA guidance and Pro Forma FY19 Net Debt range.



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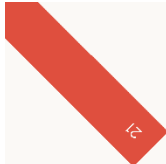
APPENDIX



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KEY RISKS

Ovato's operations are subject to a number of risks which may impact on its future performance and forecasts. Before subscribing to 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

Continuation of challenges in the printing industry

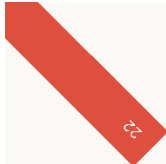
The printing industry has been affected by challenges over the past decade arising from changes in demand. A shift in consumer preferences away from magazines, newspapers and catalogues has changed the advertising landscape with reduced demand causing overcapacity. Ovato's business segments are primarily 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 factor is for the successful integration of the New South Wales production sites at Warwick Farm. 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 site consolidation all could result in those benefits being realised later than expected. In particular, there is a risk of Ovato not being able to deliver some or all of the potential synergies and efficiencies. A failure to achieve targeted synergies may have an adverse impact on the operations and financial performance and position of Ovato and the value of its shares. There is a risk that the 80 page press purchased as part of the consolidation will not be delivered or commissioned within the agreed timelines. Ovato has placed an order with a tier one global manufacturer (Manroland Goss) of printing technology. Manroland have a proven record of on time delivery and quality assurance. The press will be shipped from Germany to Australia so delivery may be negatively impacted due to shipping issues. There are also risks associated with achieving the expected operation and financial cost savings. In particular, the one-off implementation cash cost to achieve these annualised cost savings (estimated to be approximately \$24M by FY21) are material considering the forecast FY19 EBITDA guidance of Ovato is \$30M to \$33M.





KEY RISKS

Ability to retain existing customers and respond to competitive challenges

Key to Ovato's business will be the ongoing delivery of customer contractual commitments, meeting competitive challenges, and ensuring product offerings are market competitive. A material proportion of Ovato's revenue is dependent on a concentrated number of key customer contracts that become due for renewal from time to time. There is always a risk that existing customers may terminate the contract on notice, may choose not to renew their contracts upon expiration, or may seek to renew such contracts on less favourable terms. Any inability to retain existing customers may adversely impact Ovato's future operating and financial performance, its cash flow and, depending on the reason for the loss, may have an adverse impact on its reputation.

Customer sentiment

Ovato's financial and operating performance may be impacted adversely by negative consumer sentiment. For example, any decline in demand for magazines or decline in the circulation of printed newspapers which may include catalogues is likely to adversely impact on the financial performance of Ovato.

Dependence on Key personnel

Ovato's performance is dependent on the talents and efforts of key personnel. Ovato's continued ability to compete effectively depends on the capacity of it retaining and motivating existing employees as well as potentially attracting new employees.

Operations and Service Continuity

There is a risk of:

- lack of continuity of supply of utilities, raw material inputs and distribution services;
- industrial action;
- loss of, or material damage to, an operating site; and
- increased cost of supply of utilities, raw material inputs and distribution services not being promptly passed on to customers.

These risks could result in unanticipated circumstances causing inability to meet customer commitments, or significant increase in the cost of doing business, which could adversely impact upon Ovato's achievement of its financial performance objectives.

Ovato mitigates these risks through:

- management of raw material purchase lead times and safety stock levels and hedging of purchase cost;
- endeavouring to promptly pass on material input price increases to customers;
- ability to reschedule work across multi-site operations;
- business interruption and asset insurance programmes in place; and
- effective workplace industrial relations.

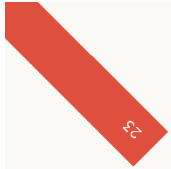
Change of control risk

Some of Ovato's commercial arrangements contain change of control clauses or similar provisions which may be triggered by the Entitlement Offer. If relevant counterparties do not provide the necessary consents or waivers in respect of contractual breaches that would otherwise arise, then this may result in the termination of material commercial arrangements. This may have a material adverse effect on Ovato's operating and financial performance.

Health Safety & Environment

There is a risk of a major health and safety incident which could result in a serious injury or fatality at an Ovato workplace. Ovato mitigates this risk by implementing training, policies, procedures and systems to comply with health and safety requirements, which are supported by the Board-approved Group Safety Plan. Ovato's operations are also subject to environmental laws and regulations. These laws and regulations set various standards regulating certain aspects of health and environment quality and provide for penalties and other liabilities for violation of such standards. Any failure to comply with such laws and regulations may materially adversely impact on Ovato's reputation, business, operations and financial performance.





KEY RISKS

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.

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 2020 and November 2022. 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

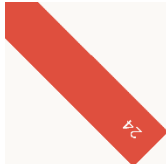
Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions. For banks and financial institutions, the customer's individual risk limits are set based on internal or external ratings in accordance with limits set by the directors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

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 being 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 the 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 for 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 40% shareholding. 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 who has entered into a sub-underwriting arrangement with the Hannan Family. The underwriter may terminate its underwriting agreement and can be released from its obligations if certain events occur (as set out in the underwriting agreement). If the underwriter terminates its underwriting commitments, the Entitlement Offer may not raise the full amount proposed to be raised or may not proceed at all. 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 58% following the issue of the New Shares. In the event that the Hannan Family's relevant interest increases over 50% as a result of the Entitlement Offer, the Hannan Family will have a controlling shareholding and the ability to pass ordinary shareholder resolutions.

Dilution

Entitlements are not renounceable and will not be tradable on ASX or otherwise transferable. Shareholders who do not take a sum or all of their entitlements will not receive any value in respect of their entitlements they do not take up. Shareholders who do not take up their entitlements will have their ownership and 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.

Forward-looking statements

The "forward-looking statements" contained in this Presentation, including but not limited to projections, estimates and guidance on Ovato's future financial performance and outlook, are:

- provided for illustrative purposes only and are not indicative of Ovato's actual performance for the relevant period;
- are based on assumptions and contingencies that are subject to change and involve known and unknown risks and uncertainties and other factors that are beyond the control of Ovato and may not be reliably predictable; and
- should not be relied upon as an indication or guarantee of future performance, and that actual results, performance and achievements may differ materially from those expressed or implied in such forward-looking statements and any assumptions on which those statements are based.

Specifically FY 19 earnings contained in this presentation is an estimate and there can be no assurance that Ovato will achieve the results indicated. The estimate is based on a number of assumptions including those described under this "risk factors" section. Investors are cautioned not to place undue reliance on the estimate.



KEY RISKS

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Past performance

Past performance cannot be relied upon as an indicator of future performance...

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

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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 public within New Zealand other than to existing shareholders of the Company 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.



6. IMPORTANT INFORMATION

This Retail Entitlement Offer Booklet (including the ASX announcements in Section 5) and the enclosed personalised Entitlement and Acceptance Form (Information) have been prepared by Ovato.

This Information is dated 27 May 2019 (other than the Ovato Investor Presentation and the Offer Launch Announcement dated 20 May 2019, and the Institutional Entitlement Offer Completion Announcement dated 22 May 2019). 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 Retail Entitlement Offer Booklet and throughout the period that the Retail Entitlement Offer is open that may be relevant to your consideration of whether to take up, apply for Additional New Shares or do nothing in respect of your Entitlement. 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 5.2 of this Retail 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 Retail Entitlement Offer.

6.1 Eligible Retail Shareholders

This Information contains an offer of New Shares to Eligible Retail 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 Retail Shareholders are those persons who meet the criteria set out in Section 2.

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

By returning a completed personalised Entitlement and Acceptance Form or 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 Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Ovato may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

Ovato has decided that it is unreasonable to make offers under the Retail 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

Retail Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable law.

6.2 Top Up Facility

Eligible Retail 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 \$0.07 per New Share (being the same price as the Offer Price per New Share issued under the Entitlement Offer).

Eligible Retail Shareholders can apply for any Additional New Shares under the Top Up Facility. Additional New Shares will only be available under the Top Up Facility where there is a Retail Entitlement shortfall (that is there is a shortfall between the number of New Shares applied for under the Retail Entitlement Offer and the number of New Shares offered to Eligible Retail Shareholders under the Retail Entitlement Offer). The total number of Additional New Shares available will be the amount of the Retail Entitlement shortfall.

Decisions regarding the operation of the Top Up Facility (including the issue of any Additional New Shares) and any necessary scale back will be made by the Directors in their absolute 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. In the event that demand for Additional New Shares under the Top Up Facility exceeds the number of Additional New Shares that are available, the number of Additional New Shares issued to Eligible Retail Shareholders under the Top Up Facility will be scaled back on a pro-rata basis.

Eligible Retail 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 Retail Entitlement Offer. For information on how to apply for Additional New Shares under the Top Up Facility, please refer to Section 4.6(a) of this Retail Entitlement Offer Booklet.

Additional New Shares will be issued under the Top Up Facility at the same time as New Shares are issued under the Retail Entitlement Offer.

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 Eligible Retail Shareholders will receive any or all of the Additional New Shares which they apply for under the Top Up Facility.

6.3 Potential effect of Entitlement Offer on control of Ovato

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

The Underwriter has appointed the Hannan Family to sub-underwrite the entirety of 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 40.36% of the total shares on issue as at 20 May 2019.

The Hannan Family has agreed with the Underwriter to fully sub-underwrite any New Shares not subscribed for. A summary of the sub-underwriting agreement is contained in Section 6.14.

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 under the Entitlement Offer and sub-underwriting arrangements with the Underwriter, then the Hannan Family's relevant interest will increase by 17% to approximately 58%.

However, it should be noted that it is unlikely that no New Shares will be subscribed for by Shareholders under the Entitlement Offer or other investors under the shortfall facilities. 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	204,075,375	40.36%
Entitlement Offer is fully subscribed by all Shareholders ³	293,601,520	40.36%
Entitlement Offer subscribed only by Hannan Family and an additional 75% of the remaining Entitlements subscribed for (accepted Entitlements of ~ 85%)	326,674,731	44.63%
Entitlement Offer subscribed only by Hannan Family and an additional 50% of the remaining Entitlements subscribed for (accepted Entitlements of ~ 70%)	359,747,943	49.15%
Entitlement Offer subscribed only by Hannan Family and other substantial shareholders (accepted Entitlements of ~ 64.92%) ⁴	371,415,622	50.74%
0% subscribed of Entitlement Offer ⁵	425,894,366	58.18%

Accordingly, in circumstances where the Hannan Family increases its relevant interest in Ovato beyond 50%, the Hannan Family will control Ovato and have the ability to pass ordinary shareholder resolutions and to significantly influence the passing of special shareholder resolutions. 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.

6.4 Ranking of New Shares

New Shares issued under the Retail 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.

³ If all Shareholders take up their full Entitlements under the Entitlement Offer, then the Hannan Family will only take up its full Entitlement under the Entitlement Offer and will not take up any additional Shares under the Entitlement Offer as a result of the sub-underwriting arrangements with the Underwriter.

⁴ The other substantial Shareholders being Allan Gray Investment Management (16.91%) and Fraser & Neave (7.65%).

⁵ Assumes that no Shareholders take up their Entitlements and the Hannan Family subscribes for all remaining Shares under the Top Up Facility pursuant to its sub-underwriting arrangements with the Underwriter.

6.5 Risks

The Ovato Investor Presentation included in Section 5.2 of this Retail 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.

6.6 The rights of Ovato and the Underwriter

Ovato reserves the right to reduce the size of an Entitlement or number of New Shares allocated to Eligible Institutional Shareholders or Eligible Retail Shareholders, or persons claiming to be Eligible Institutional Shareholders or Eligible Retail Shareholders or other applicable investors, if Ovato believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, Ovato may, in its discretion, require the relevant shareholder to transfer excess New Shares to the Underwriter at the Offer Price per New Share. If necessary, the relevant Shareholder may need to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard. By applying under the Entitlement Offer, those doing so irrevocably acknowledge and agree to do the above as required by Ovato in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of Ovato or the Underwriter to require any of the actions set out above.

6.7 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.

6.8 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.

6.9 Notice to Nominees and Custodians

If Ovato believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to institutional shareholders who were treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail 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 Retail Entitlements on ASX or otherwise, or take up or exercise Retail 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 Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

6.10 Not Investment Advice

This Retail 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 Retail 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 Retail 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 Retail Entitlement Offer.

6.11 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).

6.12 Information Availability

If you are in Australia or New Zealand, you can obtain a copy of this Retail 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 Retail Entitlement Offer Booklet, you should ensure that you download and read the entire Retail Entitlement Offer Booklet.

6.13 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 Retail 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 Retail 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.

For personal use only

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 the public 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 transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. The offer of New Shares is non-renounceable in favour of members of the public.

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 Retail 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 Retail Entitlement Offer Booklet or any other material relating to the Retail Entitlement Offer to any person in the United States.

6.14 Underwriting/Subunderwriting of the Entitlement Offer

Ovato has entered into an underwriting agreement dated 20 May 2019 (Underwriting Agreement) with Wilsons Corporate Finance Limited (the Underwriter), who has agreed to manage and underwrite the Entitlement Offer on the terms and conditions set out in the Underwriting Agreement. The obligations of the Underwriter are subject to the satisfaction of certain conditions precedent documented in the Underwriting Agreement.

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

- (a) Ovato has (subject to certain limitations) agreed to indemnify the Underwriter, 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 Underwriter have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Offer; and
- (c) the Underwriter 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 10.00am on the First Settlement 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 two Business Days of when it is made, or if it is made within two Business Days of the Institutional Settlement Date or the Retail Settlement Date, it has not been withdrawn by 9.00am 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 Issuer 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 the 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 Underwriter's 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 Report or verification material or any other information supplied by or on behalf of Ovato to the Underwriter 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 Underwriter's 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 Underwriter 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 Retail Entitlement Offer Booklet).

In turn, the Underwriter has entered into a sub-underwriting agreement dated 20 May 2019 (Sub-Underwriting Agreement) with the Hannan Family (the Sub-Underwriters), who have agreed to fully sub-underwrite the Entitlement Offer. The Sub-Underwriters will not be paid any fees pursuant to the Sub-Underwriting Agreement.

6.15 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.

6.16 Underwriter

The Underwriter has acted as lead manager, bookrunner and underwriter to the Entitlement Offer (including the Retail Entitlement Offer). Neither the Underwriter, nor any of its 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 Retail Entitlement Offer Booklet (or any other materials released by Ovato) and none of them makes or purports to make any statement in this Retail Entitlement Offer Booklet and there is no statement in this Retail 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.

6.17 Disclaimer

Determination of eligibility of investors for the purposes of the institutional or retail components 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 Underwriter. To the maximum extent permitted by law, each of Ovato and the Underwriter 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 Retail Entitlement Offer and the information in this Retail Entitlement Offer Booklet being inaccurate or due to information being omitted from this Retail 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 Retail Entitlement Offer Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Retail 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 Retail 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 Retail 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 Party), 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 Retail Entitlement Offer Booklet and there is no statement in this Retail 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.

6.18 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, 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. In circumstances where allotment under

the Institutional Entitlement Offer has occurred, Ovato may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

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.

6.19 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.

7. Glossary

Term	Meaning
Additional New Shares	means the additional New Shares Eligible Retail 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.
Closing Date	5.00pm (Sydney time) 5 June 2019.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Company or Ovato	Ovato Limited (ABN 39 050 148 644).
Computershare	Computershare Investor Services Pty Limited.
CRN	means if you are an Eligible Retail Shareholder, your unique Customer Reference Number, as described in Section 4.8.
Eligible Institutional Shareholder	means a Shareholder that is an Institutional Investor and to whom Ovato made an Offer under the Institutional Entitlement Offer on the basis that the Shareholder had a registered address in Australia or New Zealand.
Eligible Retail Shareholder	has the meaning given in Section 2.
Entitlement and Acceptance Form	means the personalised entitlement and acceptance form accompanying this Retail Entitlement Offer Booklet to be used to apply for New Shares.
Entitlements	means in respect of an Eligible Retail Shareholder, the number of New Shares which an Eligible Retail Shareholder is entitled to subscribe under the Entitlement Offer.
Entitlement Offer	means the accelerated non-renounceable pro rata entitlement offer to subscribe for 1 New Share for every 2.3 Shares held at the Record Date for the Offer Price on the terms set out in this Retail Entitlement Offer Booklet and announced on 20 May 2019.
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 476.3).
Ineligible Institutional Shareholder	means a Shareholder that is an Institutional Investor and is not an Eligible Institutional Shareholder.

Ineligible Retail Shareholder	means a Shareholder who is not an: <ul style="list-style-type: none"> • Eligible Retail Shareholder; • Eligible Institutional Shareholder; or • Ineligible Institutional Shareholder.
Institutional Entitlements	means Entitlements under the Institutional Entitlement Offer.
Institutional Entitlement Offer	means the institutional component of the Entitlement Offer, details of which were announced by Ovato on 20 May 2019.
Institutional Investor	means an investor to whom offers of securities can be made without the need for a prospectus (or other formality, other than a formality which Ovato is willing to comply with), including in Australia persons to whom offers of securities can be made without the need for a lodged prospectus under Chapter 6D of the Corporations Act.
Institutional Shortfall Bookbuild	means the bookbuild conducted in connection with the Institutional Entitlement Offer, as described in Section 4.2.
New Shares	means a Share issued in connection with the Entitlement Offer.
Offer	the Entitlement Offer.
Offer Price	\$0.07 per New Share.
Ovato	Ovato Limited (ABN 39 050 148 644).
Ovato Investor Presentation or Investor Presentation	the investor presentation relating to the Entitlement Offer, which was released to ASX on 20 May 2019 and a copy of which is set out in Section 5.2 of this Retail Entitlement Offer Booklet.
Record Date	means the time and date for determining Entitlements, being at 7:00 pm (Sydney time) on Wednesday, 22 May 2019.
Retail Entitlement Offer	means the retail component of the Entitlement Offer, details of which are set out in this Retail Entitlement Offer Booklet.
Retail 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-Underwriter	means the Hannan Family.
Sub-Underwriting Agreement	means the agreement entered into by the Sub-Underwriter and the Underwriter for the Sub-

	Underwriter to fully sub-underwrite the Entitlement Offer.
Top Up Facility	means the top up offer where Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Entitlement.
Underwriter	means Wilsons Corporate Finance Limited (ABN 65 057 547 323).
Underwriter Parties	means the Underwriter 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 Underwriter for the Underwriter to fully underwrite the Entitlement Offer.
US Securities Act	<i>US Securities Act of 1933.</i>

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Corporate Directory

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www.ovato.com.au

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Computershare Investor Services Pty Limited
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+61 3 9415 4000 (outside Australia)
www.computershare.com/au

Underwriter
Wilsons Corporate Finance Limited
(ABN 65 057 547 323)
Governor Macquarie Tower
1 Farrer Place, Sydney NSW 2000
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