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21 October 2021

Company Announcements Office
ASX Limited
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Sydney NSW 2000

Capital Management Initiatives

Ovato Limited (**Company**) today announces its intention to undertake two capital management initiatives following its recent restructuring and recapitalisation. The capital management initiatives comprise:

- (a) a minimum holding share buy-back in respect of ordinary shares for holders of less than a marketable parcel of shares (**Minimum Holding Buy-Back**); and
- (b) a share consolidation at a ratio of 100 to 1, subject to shareholder approval at the Annual General Meeting of the Company on 24 November 2021 (**Share Consolidation**),

(together, the **Capital Management Initiatives**).

Minimum Holding Buy-Back

Under the Minimum Holding Buy-Back, the Company is providing shareholders that hold a parcel of shares that are less than a marketable parcel, being a parcel of shares valued at less than \$500, the opportunity to have all of their shares bought back by the Company at a price of \$0.0025 per share (based on the closing price of the share at the Record Date).

As at 7.00pm (Sydney time) on 15 October 2021, being the record date for the Minimum Holding Buy-Back (**Record Date**), an unmarketable parcel of shares in the Company was a parcel of shares less than 200,000, with approximately 3,077 shareholders of the Company holding an unmarketable parcel of shares at this date (**Eligible Shareholders**).

The Minimum Holding Buy-Back will have a closing date of 3 December 2021 and should all Eligible Shareholders participate, approximately 66 million shares will be bought back and cancelled by the Company. Eligible Shareholders who do not wish to have their shares bought back by the Company should opt out of the Minimum Holding Buy-Back or otherwise increase their shareholding in the Company above 200,000 shares prior to the closing date.

Further details of the Minimum Holding Buy-Back, including the terms and conditions, the procedure for opting out of the Minimum Holding Buy-Back and the detailed timetable in respect of the Minimum Holding Buy-Back are set out in the letter to be sent today to Eligible Shareholders. A copy of this letter is attached to this announcement.

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Share Consolidation

Following completion of the Minimum Holding Buy-Back, the Company proposes to undertake the Share Consolidation. Subject to shareholders approving the Share Consolidation at the Annual General Meeting of the Company to be held on 24 November 2021, the Company is proposing to consolidate its share capital at a ratio of 100 to 1. Assuming full participation in the Minimum Holding Buy-Back, this is expected to reduce the number of shares on issue in the Company from approximately 12.1 billion fully paid ordinary shares to approximately 121 million fully paid ordinary shares.

The Share Consolidation will have record date of 10 December 2021 and trading in the Company's shares will commence on a consolidated basis on 20 December 2021. Further details on the Share Consolidation, including the information required to be provided to shareholders of the Company under the *Corporations Act 2001* (Cth) and the ASX Listing Rules, is set out in the notice for the Company's Annual General Meeting, which is to be dispatched to shareholders of the Company today.

Rationale for the Capital Management Initiatives

These initiatives will allow the Company to reduce its total issued capital to a more appropriate and effective capital structure. The Minimum Holding Buy-Back will reduce share registry costs and assist Eligible Shareholders who may otherwise face difficulties in selling or disposing of their shares. The Share Consolidation is anticipated to reduce the negative perception created through the Company currently having 12.2 billion shares on issue.

For further information contact:

James Hannan
Chief Executive Officer
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This announcement was authorized for release by the Board of Directors of Ovato.



OVATO

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21 October 2021

Dear Shareholder,

OFFER FROM OVATO LIMITED ACN 050 148 644 TO BUY-BACK UNMARKETABLE PARCELS OF SHARES (OFFER)

This letter contains important information about your shareholding in Ovato Limited.

I am writing to you as a shareholder with an unmarketable parcel of shares in Ovato Limited (ASX:OVT) (Ovato or the Company) as at 7.00pm (Sydney time) on Friday, 15 October 2021 (Record Date).

The board of the Company has instituted an off-market minimum holding share buy-back (the Buy-Back) to buy back all of the shares held by shareholders that hold less than a marketable parcel of shares in the Company (Eligible Shareholders) as at the Record Date. The Company is undertaking the Buy-Back with the intention of reducing the Company's total issued capital to implement a more appropriate and effective capital structure. The Buy-Back will be undertaken under the terms set out in this Offer and the procedure in Division 2 of Part 2J.1 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Under the ASX Listing Rules (ASX Listing Rules), any shareholding in the Company valued at less than \$500 is considered to be an "unmarketable parcel" of shares. Based on the closing price of \$0.0025 per share as at the Record Date, an unmarketable parcel of shares in the Company is any shareholding of less than 200,000 shares. As at the Record Date, the Company had approximately 3,077 shareholders representing a total of 65,941,789 shares who held an unmarketable parcel of shares in the Company. The aggregate value of shares held by Eligible Shareholders is \$164,854 based on a closing price of \$0.0025 per share as at the Record Date.

The Buy-Back has been instituted to allow Eligible Shareholders to sell and realise the value of their shares without incurring brokerage and other expenses and to reduce the administrative and registry costs for the Company that are associated with unmarketable parcels of shares. The Company will pay for all costs related with the Buy-Back (excluding tax consequences from the buy-back which remains the shareholder's responsibility).

The Buy-Back will allow the Company to purchase Eligible Shareholder's shares at \$0.0025 per share (Buy-Back Price), being the closing price of shares as at the Record Date. Shares that are purchased by the Company under the Buy-Back will be cancelled in accordance with the Corporations Act.

It is important to note that the market price of the Company's shares will change from time to time. The Buy-Back Price may be more or less than the actual market price of shares at the time of completion of the Buy-Back and may not be the best price obtainable on the day in which shares are bought back under the Buy-Back.

This letter provides more information about the Buy-Back and the choices that are available to you. The directors wish to remind you that as a valued shareholder, the Company will not buy-back your shares if you wish to retain your shareholding. If you wish to retain your shareholding, you may do so by returning the Share Retention Form or by otherwise increasing your holding to that above an unmarketable parcel before the Closing Time.

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Your options under the Offer are as follows:

- 1 If you want the Company to buy-back your unmarketable parcel of shares at the Buy-Back Price of \$0.0025 per share, you do not need to do anything.
- 2 If you do not want the Company to buy-back your unmarketable parcel of shares, then you must:

- a. **Opt out of the Buy-Back**

- Complete the enclosed, personalised Share Retention Form and return it in accordance with the instructions on that form. Your completed Share Retention Form must be received by our share registry, Computershare Investor Services Pty Limited (**Computershare**), by **no later than 5.00pm (Sydney time) on Friday, 3 December 2021 (Closing Time)**. If your completed Share Retention Form is not received by Computershare by the Closing Time, your shares will be bought back by the Company and cancelled in accordance with the Offer; or

- b. **Top up your existing holding**

- Acquire additional shares in the Company so that your shareholding is noted on the Company's share register as being greater than 200,000 shares (that is, a marketable parcel) as at the Closing Time. Note that the increase of shares must be under the same holding identified by the holder number (SRN or HIN) as set out in the attached Share Retention Form; or

- c. **Consolidate "like holdings"**

- If you hold shares in multiple shareholdings (with the same name and address) that together constitute a parcel of more than 200,000 shares, arrange to have those holdings consolidated into one shareholding that is noted on the Company's share register as being greater than 200,000 shares (that is, a marketable parcel) as at the Closing Time.

If you choose to complete and return a Share Retention Form as outlined in step 2(a) above, you are advised to allow reasonable time for it to be received by Computershare by the Closing Time.

If you choose to acquire additional shares or consolidate multiple shareholdings as outlined in step 2(b) or step 2(c) above, you are advised to allow reasonable time for these actions to be effected on the Company's share register by the Closing Time.



Key dates for the Buy-Back:

7.00pm (Sydney time) Friday, 15 October 2021	Record Date
Thursday, 21 October 2021	Formal announcement of the Buy-Back to ASX
Thursday, 21 October 2021	Despatch of letters and Share Retention Forms to Eligible Shareholders
5.00pm (Sydney time) Friday, 3 December 2021	Closing Time for receipt of Share Retention Forms / period to opt-out of Buy-Back
Wednesday, 8 December 2021	Shares bought back through the Buy-Back will be cancelled
Wednesday, 8 December 2021	Announcement of outcome of the Buy-Back to ASX
Wednesday, 15 December 2021	<p>Eligible Shareholders whose shares were bought back under the Buy-Back will have proceeds remitted to them and will be sent documentation advising them of the number of shares bought back and the amount of proceeds remitted.</p> <p>Proceeds will be remitted in Australian dollars to the bank account that the Eligible Shareholder has registered with Computershare. If no bank account is registered, proceeds will be remitted by cheque made out in the name of the holding and mailed to the postal address that the shareholder has registered with Computershare.</p>

The Company may modify these dates or suspend or terminate the Buy-Back. Any modification, suspension or termination will be notified by written notice to ASX.

For further important information about the Buy-Back, please read the 'Additional Important Information' and 'Frequently Asked Questions' sections below. If, after reading those sections, you still have questions or need further information, you may contact the **Ovato Buy-Back Information Line** on 1300 556 161 (from within Australia) or +61 3 9415 4000 (from outside Australia) between 8:30am to 5:00pm Monday to Friday (Sydney time).

Yours sincerely,

Mr Michael Hannan
Chairman

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Additional Important Information

- 1 The Buy-Back was first announced to ASX on 21 October 2021.
- 2 The Company is offering to buy-back shares under the Buy-Back in accordance with the terms set out in this Offer, the procedure in Division 2 of Part 2J.1 of the Corporations Act and the ASX Listing Rules.
- 3 The Buy-Back is being conducted to enable the Company to purchase Eligible Shareholder's unmarketable parcels of shares without incurring brokerage or handling costs that could otherwise make a sale of an unmarketable parcel of shares uneconomic or difficult. The Buy-Back will assist the Company in reducing the administrative costs associated with maintaining a large number of relatively small holdings of shares.
- 4 If a shareholder holds more than one unmarketable parcel of shares, the Company will buy-back each unmarketable parcel unless:
 - (a) Computershare receives a Share Retention Form for each unmarketable parcel that the shareholder wishes to retain; or
 - (b) multiple unmarketable parcels are consolidated to form a marketable parcel of greater than 200,000 shares.
- 5 It is important to note that the market price of the Company's shares may change from time to time. The Buy-Back Price may be more or less than the actual market price at the time of completion of the Buy-Back and may not be the best price obtainable on the day on which your shares are bought back. Information on the price of the Company's shares can be obtained from the daily financial press or through the ASX website (www.asx.com.au) using the Company's ASX code, which is 'OVT'.
- 6 While the Company will pay for costs associated with the buy-back of shares through the Buy-Back, any taxation consequences from the Buy-Back will be the shareholder's responsibility. Please see the 'Frequently Asked Questions' section below for general information on taxation consequences. If you have questions about taxation consequences, please seek the independent advice of a legal, financial or taxation adviser.
- 7 The Company makes no recommendation as to whether you should participate in this Buy-Back, whether or how you should sell your shares or the value of your shares. If you have questions about whether to retain or sell your shares, you should consult a legal, financial or taxation adviser.
- 8 Before a buy-back of shares is effected under the Buy-Back, the Company may revoke a notice given in relation to, or suspend or terminate the Buy-Back, either generally or in specific cases.
- 9 The Company reserves the right to change any of the dates, terms or conditions referred to in the Offer by written notice to ASX.
- 10 This information sheet (and the accompanying Offer documents) does not constitute advice, nor is it a recommendation to sell, buy or hold shares in the Company.



Frequently Asked Questions

Why have I been sent this letter?

You have been sent this letter because you have been identified as a shareholder holding less than a marketable parcel of shares in the Company as at the Record Date for the Buy-Back. The Buy-Back will be undertaken under the terms set out in this documentation and the procedure in Division 2 of Part 2J.1 of the Corporations Act.

However, please note that just because this parcel of shares is referred to as being 'unmarketable' for the purposes of the ASX Listing Rules, this does not mean that this parcel of shares cannot be sold by you under normal circumstances.

Who is eligible to participate in the Buy-Back?

Under the ASX Listing Rules, any shareholding in the Company valued at less than \$500 is considered to be an "unmarketable parcel" of shares.

Shareholders in the Company are eligible to participate in the Buy-Back if they held shareholdings in the Company valued at less than \$500 as at the Record Date (being 7:00pm (Sydney time) on Friday, 15 October 2021). Based on the closing price of \$0.0025 per share as at the Record Date, an unmarketable parcel of shares in the Company is any shareholding of less than 200,000 shares.

Shareholders of the Company who hold 200,000 shares or more as at the Record Date will not be eligible to participate in the Buy-Back.

If my shares are bought back under the Buy-Back, how much will I receive per share?

If your unmarketable parcel of shares is bought back through the Buy-Back, you will receive the Buy-Back Price of \$0.0025 per share. The Buy-Back Price has been determined using the closing price of shares as at the Record Date.

What do I need to do to sell my shares?

Nothing. Your unmarketable parcel of shares will be bought back under the Buy-Back unless you return a Share Retention Form or increase your shareholding to more than 200,000 shares by the Closing Time.

If my shares are bought back under the Buy-Back, how much will I receive for all of my shares?

The total price that you will receive for an unmarketable parcel of shares if it is bought back through the Buy-Back will be the number of shares in that unmarketable parcel multiplied by the Buy-Back Price of \$0.0025 per share. The Buy-Back Price has been calculated as the closing price of shares as at the Record Date.

If at the Closing Time the value of your shares has increased as a result of an increase of the number of shares you hold so that you no longer have an unmarketable parcel of shares, your shares will NOT be bought back and cancelled by the Company.

You can confirm the number of shares in your unmarketable parcel of shares by reviewing the enclosed, personalised Share Retention Form or by contacting the **Ovato Buy-Back Information Line** on 1300 556 161 (from within Australia) or +61 3 9415 4000 (from outside Australia), between 8:30am to 5:00pm Monday to Friday (Sydney time), noting the Closing

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Time for receipt of your Share Retention Form is 5:00pm (Sydney time) on 3 December 2021.

Do I need to pay anything if I participate in the Buy-Back?

The Company will pay all costs and expenses arising in connection with the Offer. Any tax consequences from the Buy-Back will be your responsibility.

If my shares are bought back under the Buy-Back, when will I receive the proceeds from the Buy-Back?

If your unmarketable parcel of shares is bought back under the Buy-Back, it is anticipated the proceeds will be remitted to you on Wednesday, 15 December 2021. The payment will be in Australian dollars and the payment advices will display the number of your shares bought back and the amount of proceeds remitted to you. This documentation will be sent by mail to the address held on the Company's register or by email if you have previously nominated to receive communication electronically. If you have previously nominated to receive communication electronically and your bank account details have been recorded on the Company's register, payment will be made to you by direct credit to the bank account details recorded on the Company's register.

What if I do not wish to sell my unmarketable parcel of shares?

If you do not wish to sell your unmarketable parcel of shares, you must return the Share Retention Form and ensure that it is received by Computershare before the Closing Time or increase your shareholding to more than 200,000 shares by the Closing Time.

If my shares are bought back under the Buy-Back, how will I receive the proceeds from the buy-back?

from that buy-back will be paid in Australian dollars into the bank account with any Australian "Authorised Deposit-taking Institution" (as defined in the Corporations Act) that you have nominated for your shareholding or by cheque made out in the name of the registered holding and sent to the postal address you have registered for your shareholding with Computershare.

You can update your bank account details by visiting www.investorcentre.com or by contacting the **Ovato Buy-Back Information Line** on 1300 556 161 (from within Australia) or +61 3 9415 4000 (from outside Australia) between 8:30am to 5:00pm Monday to Friday (Sydney time). If you are an issuer sponsored shareholder and need to update your address, you can also do this at www.investorcentre.com. If you have a CHESS sponsored holding and need to update your address, you will need to contact your controlling participant.

If you participate in the Buy-Back and would like your updated address or bank account details to be used when remitting proceeds and sending documentation to you, please ensure that these details are updated by the Closing Time.

What are the tax consequences of having my shares sold under the Buy-Back?

The tax outcomes of participating in the Buy-Back will vary depending on your circumstances.

If you are in the business of trading shares or hold the shares as revenue assets, you may have an assessable gain or loss on sale on revenue account.

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However, if this is not the case, it is the Company's view that the proceeds will be entirely treated as a return of capital (where no component of the proceeds constitutes a dividend), with the buy-back of shares resulting in a Capital Gains Tax (CGT) event.

If you are an Australian resident shareholder, you will need to calculate a capital gain or capital loss. Details of the CGT event are required to be disclosed in your 2022 income tax return, regardless of whether you are required to pay tax on the event.

If you are not an Australian resident, you should be entitled to disregard the capital gain or loss for the purposes of calculating your Australian taxable income. You may still have a tax liability in your country of residence.

The above information is broad in nature, and it is strongly recommended that you consult with your taxation professional regarding your particular circumstances.

Can I sell some but not all of my shares under the Buy-Back?

No, you may not sell part of an unmarketable parcel of shares under the Buy-Back. If you do not complete and return the Share Retention Form to Computershare or increase your shareholding above 200,000 before the Closing Time, your entire unmarketable parcel of shares will be bought back by the Company.

If I buy more shares, will my shareholding be bought back?

Your unmarketable parcel of shares will not be bought back if you acquire additional shares in the Company so that your shareholding is noted on the Company's share register as being greater than 200,000 shares (that is, a marketable parcel) as at the Closing Time.

Any additional shares acquired must be registered by the Closing Time, under the same name and address and with the same holder number (SRN or HIN) as set out in the accompanying Share Retention Form.

What do I do if I have multiple unmarketable parcels of shares?

If there is more than one unmarketable parcel of shares registered under your name, you will receive this letter and a personalised Share Retention Form for each of your unmarketable parcels.

If you would like the Company to buy-back each of your unmarketable parcels of shares, **you do not need to do anything** and all of the unmarketable parcels of shares registered in your name will be bought back.

If you would like to keep one or more of your unmarketable parcels of shares, you may take one of the following actions:

1. complete the enclosed, personalised Share Retention Form for each of the unmarketable parcels of shares that you would like to keep and return it in accordance with the instructions on the Share Retention Form; or
2. acquire additional shares in the Company so that each of the unmarketable parcels of shares that you would like to keep is noted on the Company's share register as being greater than 200,000 shares (that is, a marketable parcel) as at the Closing Time; or
3. if the unmarketable parcels of shares that you hold together constitute a parcel of more than 200,000 shares (that is, a marketable parcel), arrange to have those



holdings consolidated into one shareholding that is noted on the Company's share register as being greater than 200,000 shares as at the Closing Time.

I need to update my address or bank account details. How do I do this?

You can update your bank account details by visiting www.investorcentre.com or by contacting the **Ovato Buy-Back Information Line** on 1300 556 161 (from within Australia) or +61 3 9415 400 (from outside Australia) between between 8:30am to 5:00pm Monday to Friday (Sydney time). If you are an issuer sponsored shareholder and need to update your address, you can also do this at www.investorcentre.com. If you have a CHESS sponsored holding and need to update your address, you will need to contact your controlling participant.

If you participate in the Buy-Back and would like your updated address or bank account details to be used when remitting proceeds and sending documentation to you, please ensure these details are updated by the Closing Time.

What if my shares are held in a CHESS or broker sponsored holding?

If your shares remain in a CHESS or broker sponsored holding at the Closing Time the Company will move those shares to an issuer sponsored holding and the shares will be cancelled.

Who do I contact if I have further questions?

If you have any further questions about the information contained in this letter or about the Buy-Back, please contact the **Ovato Buy-Back Information Line** on 1300 556 161 (from within Australia) or +61 3 9415 4000 (from outside Australia), between 8:30am to 5:00pm Monday to Friday (Sydney time).

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