

## Appendix 3G

### Notification of issue, conversion or payment up of equity +securities

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

If you are an entity incorporated outside Australia and you are issuing a new class of +securities other than CDIs, you will need to obtain and provide an International Securities Identification Number (ISIN) for that class. Further information on the requirement for the notification of an ISIN is available from the Create Online Forms page. ASX is unable to create the new ISIN for non-Australian issuers.

\*Denotes minimum information required for first lodgement of this form, with exceptions provided in specific notes for certain questions. The balance of the information, where applicable, must be provided as soon as reasonably practicable by the entity.

#### Part 1 – Entity and announcement details

Question no	Question	Answer
1.1	*Name of entity <i>We (the entity here named) give notice of the issue, conversion or payment up of the following unquoted +securities.</i>	Korvest Ltd
1.2	*Registration type and number <i>Please supply your ABN, ARSN, ARBN, ACN or another registration type and number (if you supply another registration type, please specify both the type of registration and the registration number).</i>	ABN - 20 007 698 106
1.3	*ASX issuer code	KOV
1.4	*This announcement is <i>Tick whichever is applicable.</i>	<input checked="" type="checkbox"/> A new announcement <input type="checkbox"/> An update/amendment to a previous announcement <input type="checkbox"/> A cancellation of a previous announcement
1.4a	*Reason for update <i>Mandatory only if "Update" ticked in Q1.4 above. A reason must be provided for an update.</i>	
1.4b	*Date of previous announcement to this update <i>Mandatory only if "Update" ticked in Q1.4 above.</i>	
1.4c	*Reason for cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i>	
1.4d	*Date of previous announcement to this cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i>	
1.5	*Date of this announcement	27 October 2020

Part 2 – Type of issue

Question No.	Question	Answer
2.1	<p>*The +securities the subject of this notification are: <i>Select whichever item is applicable.</i> <i>If you wish to notify ASX of different types of issues of securities, please complete a separate Appendix 3G for each type of issue.</i></p>	<p><input type="checkbox"/> +Securities issued as a result of options being exercised or other +convertible +securities being converted and that are not to be quoted on ASX</p> <p><input type="checkbox"/> Partly paid +securities that have been fully paid up and that are not to be quoted on ASX</p> <p><input checked="" type="checkbox"/> +Securities issued under an +employee incentive scheme that are not being immediately quoted on ASX</p> <p><input type="checkbox"/> Other [please specify] <i>If you have selected 'other' please provide the circumstances of the issue here:</i></p>
2.2a.1	<p>Please state the number and type of options that were exercised or other +convertible securities that were converted (including their ASX security code if available)? <i>Answer this question if your response to Q2.1 is "securities issued as a result of options being exercised or other convertible securities being converted and that are not to be quoted on ASX".</i></p>	
2.2a.2	<p>And the date the options were exercised or other +convertible securities were converted: <i>Answer this question if your response to Q2.1 is "securities issued as a result of options being exercised or other convertible securities being converted and that are not to be quoted on ASX".</i> <i>Note: If this occurred over a range of dates, enter the date the last of the options was exercised or convertible securities was converted.</i></p>	
2.2b.1	<p>Please state the number and type of partly paid +securities that were fully paid up (including their ASX security code if available)? <i>Answer this question if your response to Q2.1 is "partly paid securities that have been paid up and that are not to be quoted on ASX".</i></p>	
2.2b.2	<p>And the date the +securities were fully paid up: <i>Answer this question if your response to Q2.1 is "partly paid securities that have been paid up and that are not to be quoted on ASX".</i> <i>Note: If this occurred over a range of dates, enter the date the last of the securities was fully paid up.</i></p>	

2.2c.1	<p>Please state the number and type of +securities (including their ASX security code) issued under an +employee incentive scheme that are not being immediately quoted on ASX</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	KOVAI 84,814 performance rights issued under the Korvest Performance Rights Plan															
2.2c.2	<p>*Please attach a document or provide details of a URL link for a document lodged with ASX detailing the terms of the +employee incentive scheme or a summary of the terms.</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	<p>The Plan rules are available at <a href="https://www.korvest.com.au/assets/downloads/Korvest-Performance-Rights-Plan-Rules.pdf">https://www.korvest.com.au/assets/downloads/Korvest-Performance-Rights-Plan-Rules.pdf</a></p> <p>A copy of the Offer document setting out the terms of the issue is attached to this notice.</p>															
2.2c.3	<p>*Are any of these +securities being issued to +key management personnel (KMP) or an +associate</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	Yes															
2.2c.3.a	<p>*Provide details of the recipients and the number of +securities issued to each of them.</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX" and your response to Q2.2c.3 is "Yes". Repeat the detail in the table below for each KMP involved in the issue. If the securities are being issued to the KMP, repeat the name of the KMP or insert "Same" in "Name of registered holder". If the securities are being issued to an associate of a KMP, insert the name of the associate in "Name of registered holder".</i></p> <table border="1" data-bbox="336 1173 1362 1413"> <thead> <tr> <th>Name of KMP</th> <th>Name of registered holder</th> <th>Number of +securities</th> </tr> </thead> <tbody> <tr> <td>Chris Hartwig</td> <td>Chris Hartwig</td> <td>25,936</td> </tr> <tr> <td>Steven McGregor</td> <td>Steven McGregor</td> <td>24,852</td> </tr> <tr> <td>Stephen Taubitz</td> <td>Stephen Taubitz</td> <td>17,930</td> </tr> <tr> <td>Gavin Christie</td> <td>Gavin Christie</td> <td>16,096</td> </tr> </tbody> </table>		Name of KMP	Name of registered holder	Number of +securities	Chris Hartwig	Chris Hartwig	25,936	Steven McGregor	Steven McGregor	24,852	Stephen Taubitz	Stephen Taubitz	17,930	Gavin Christie	Gavin Christie	16,096
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2.2d.1	<p>*The purpose(s) for which the entity is issuing the +securities is:</p> <p><i>Answer this question if your response to Q2.1 is "Other".</i></p> <p><i>You may select one or more of the items in the list.</i></p>	<p><input type="checkbox"/> To raise additional working capital</p> <p><input type="checkbox"/> To fund the retirement of debt</p> <p><input type="checkbox"/> To pay for the acquisition of an asset [provide details below]</p> <p><input type="checkbox"/> To pay for services rendered [provide details below]</p> <p><input type="checkbox"/> Other [provide details below]</p> <p><i>Additional details:</i></p>															

2.2d.2	<p>Please provide any further information needed to understand the circumstances in which you are notifying the issue of these +securities to ASX, including (if applicable) why the issue of the +securities has not been previously announced to the market in an Appendix 3B</p> <p><i>You must answer this question if your response to Q2.1 is "Other". If there is no other information to provide, please answer "Not applicable" or "N/A".</i></p>	
2.3	<p>*The +securities being issued are:</p> <p><i>Tick whichever is applicable</i></p>	<p><input checked="" type="checkbox"/> Additional +securities in an existing unquoted class that is already recorded by ASX ("existing class")</p> <p><input type="checkbox"/> New +securities in an unquoted class that is not yet recorded by ASX ("new class")</p>

### Part 3A – number and type of +securities being issued (existing class)

Answer the questions in this part if your response to Q2.3 is "existing class".

Question No.	Question	Answer
3A.1	*ASX security code & description	KOVAI: Performance Rights
3A.2	*Number of +securities being issued	84,814
3A.3a	*Will the +securities being issued rank equally in all respects from their issue date with the existing issued +securities in that class?	Yes
3A.3b	<p>*Is the actual date from which the +securities will rank equally (non-ranking end date) known?</p> <p><i>Answer this question if your response to Q3A.3a is "No".</i></p>	N/A
3A.3c	<p>*Provide the actual non-ranking end date</p> <p><i>Answer this question if your response to Q3A.3a is "No" and your response to Q3A.3b is "Yes".</i></p>	N/A
3A.3d	<p>*Provide the estimated non-ranking end period</p> <p><i>Answer this question if your response to Q3A.3a is "No" and your response to Q3A.3b is "No".</i></p>	N/A
3A.3e	<p>*Please state the extent to which the +securities do not rank equally:</p> <ul style="list-style-type: none"> <li>• in relation to the next dividend, distribution or interest payment; or</li> <li>• for any other reason</li> </ul> <p><i>Answer this question if your response to Q3A.3a is "No".</i></p> <p><i>For example, the securities may not rank at all, or may rank proportionately based on the percentage of the period in question they have been on issue, for the next dividend, distribution or interest payment; or they may not be entitled to participate in some other event, such as an entitlement issue.</i></p>	N/A

Part 3B – number and type of +securities being issued (new class)

Answer the questions in this part if your response to Q2.3 is “new class”.

Question No.	Question	Answer
3B.1	*Security description	
3B.2	<p>*Security type</p> <p>Select one item from the list that best describes the securities the subject of this form. This will determine more detailed questions to be asked about the security later in this section. Select “ordinary fully or partly paid shares/units” for stapled securities or CDIs. For interest rate securities, please select the appropriate choice from either “Convertible debt securities” or “Non-convertible debt securities”. Select “Other” for performance shares/units and performance options/rights or if the selections available in the list do not appropriately describe the security being issued.</p>	<input type="checkbox"/> Ordinary fully or partly paid shares/units <input type="checkbox"/> Options <input type="checkbox"/> +Convertible debt securities <input type="checkbox"/> Non-convertible +debt securities <input type="checkbox"/> Redeemable preference shares/units <input type="checkbox"/> Other
3B.3	<p>ISIN code</p> <p>Answer this question if you are an entity incorporated outside Australia and you are issuing a new class of securities other than CDIs. See also the note at the top of this form.</p>	
3B.4	*Number of +securities being issued	
3B.5a	*Will all the +securities issued in this class rank equally in all respects from the issue date?	Yes or No
3B.5b	<p>*Is the actual date from which the +securities will rank equally (non-ranking end date) known?</p> <p>Answer this question if your response to Q3B.5a is “No”.</p>	Yes or No
3B.5c	<p>*Provide the actual non-ranking end date</p> <p>Answer this question if your response to Q3B.5a is “No” and your response to Q3B.5b is “Yes”.</p>	
3B.5d	<p>*Provide the estimated non-ranking end period</p> <p>Answer this question if your response to Q3B.5a is “No” and your response to Q3B.5b is “No”.</p>	
3B.5e	<p>*Please state the extent to which the +securities do not rank equally:</p> <ul style="list-style-type: none"> <li>• in relation to the next dividend, distribution or interest payment; or</li> <li>• for any other reason</li> </ul> <p>Answer this question if your response to Q3B.5a is “No”.</p> <p>For example, the securities may not rank at all, or may rank proportionately based on the percentage of the period in question they have been on issue, for the next dividend, distribution or interest payment; or they may not be entitled to participate in some other event, such as an entitlement issue.</p>	

3B.6	<p>Please attach a document or provide a URL link for a document lodged with ASX setting out the material terms of the +securities being issued</p> <p><i>You may cross reference a disclosure document, PDS, information memorandum, investor presentation or other announcement with this information provided it has been released to the ASX Market Announcements Platform.</i></p>	
3B.7	<p>*Have you received confirmation from ASX that the terms of the +securities are appropriate and equitable under listing rule 6.1?</p> <p><i>Answer this question only if you are an ASX Listing. (ASX Foreign Exempt Listings and ASX Debt Listings do not have to answer this question).</i></p> <p><i>If your response is "No" and the securities have any unusual terms, you should approach ASX as soon as possible for confirmation under listing rule 6.1 that the terms are appropriate and equitable.</i></p>	Yes or No
3B.8a	<p><b>Ordinary fully or partly paid shares/units details</b></p> <p><i>Answer the questions in this section if you selected this security type in your response to Question 3B.2.</i></p>	
	<p>*+Security currency</p> <p><i>This is the currency in which the face amount of an issue is denominated. It will also typically be the currency in which distributions are declared.</i></p>	
	<p>*Will there be CDIs issued over the +securities?</p>	Yes or No
	<p>*CDI ratio</p> <p><i>Answer this question if you answered "Yes" to the previous question. This is the ratio at which CDIs can be transmuted into the underlying security (e.g. 4:1 means 4 CDIs represent 1 underlying security whereas 1:4 means 1 CDI represents 4 underlying securities).</i></p>	X:Y
	<p>*Is it a partly paid class of +security?</p>	Yes or No
	<p>*Paid up amount: unpaid amount</p> <p><i>Answer this question if answered "Yes" to the previous question.</i></p> <p><i>The paid up amount represents the amount of application money and/or calls which have been paid on any security considered 'partly paid'</i></p> <p><i>The unpaid amount represents the unpaid or yet to be called amount on any security considered 'partly paid'.</i></p> <p><i>The amounts should be provided per the security currency (e.g. if the security currency is AUD, then the paid up and unpaid amount per security in AUD).</i></p>	X:Y
	<p>*Is it a stapled +security?</p> <p><i>This is a security class that comprises a number of ordinary shares and/or ordinary units issued by separate entities that are stapled together for the purposes of trading.</i></p>	Yes or No
3B.8b	<p><b>Option details</b></p> <p><i>Answer the questions in this section if you selected this security type in your response to Question 3B.2.</i></p>	
	<p>*+Security currency</p> <p><i>This is the currency in which the exercise price is payable.</i></p>	

	<p><b>*Exercise price</b> <i>The price at which each option can be exercised and convert into the underlying security. If there is no exercise price please answer as \$0.00.</i> <i>The exercise price should be provided per the security currency (i.e. if the security currency is AUD, the exercise price should be expressed in AUD).</i></p>	
	<p><b>*Expiry date</b> <i>The date on which the options expire or terminate.</i></p>	
	<p><b>*Details of the number and type of +security (including its ASX security code if the +security is quoted on or recorded by ASX) that will be issued if an option is exercised</b> <i>For example, if the option can be exercised to receive one fully paid ordinary share with ASX security code ABC, please insert "One fully paid ordinary share (ASX:ABC)".</i></p>	
3B.8c	<p><b>Details of non-convertible +debt securities, +convertible debt securities, or redeemable preference shares/units</b> <i>Answer the questions in this section if you selected one of these security types in your response to Question 3B.2.</i> <i>Refer to Guidance Note 34 and the "Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities" for further information on certain terms used in this section</i></p>	
	<p><b>*Type of +security</b> <i>Select one item from the list</i></p>	<p><input type="checkbox"/> Simple corporate bond <input type="checkbox"/> Non-convertible note or bond <input type="checkbox"/> Convertible note or bond <input type="checkbox"/> Preference share/unit <input type="checkbox"/> Capital note <input type="checkbox"/> Hybrid security <input type="checkbox"/> Other</p>
	<p><b>*+Security currency</b> <i>This is the currency in which the face value of the security is denominated. It will also typically be the currency in which interest or distributions are paid.</i></p>	
	<p><b>Face value</b> <i>This is the principal amount of each security.</i> <i>The face value should be provided per the security currency (i.e. if security currency is AUD, then the face value per security in AUD).</i></p>	
	<p><b>*Interest rate type</b> <i>Select one item from the list</i> <i>Select the appropriate interest rate type per the terms of the security. Definitions for each type are provided in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities</i></p>	<p><input type="checkbox"/> Fixed rate <input type="checkbox"/> Floating rate <input type="checkbox"/> Indexed rate <input type="checkbox"/> Variable rate <input type="checkbox"/> Zero coupon/no interest <input type="checkbox"/> Other</p>
	<p><b>Frequency of coupon/interest payments per year</b> <i>Select one item from the list.</i></p>	<p><input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-annual <input type="checkbox"/> Annual <input type="checkbox"/> No coupon/interest payments <input type="checkbox"/> Other</p>

	<p>First interest payment date</p> <p><i>A response is not required if you have selected "No coupon/interest payments" in response to the question above on the frequency of coupon/interest payments</i></p>	
	<p>Interest rate per annum</p> <p><i>Answer this question if the interest rate type is fixed.</i></p>	% p.a.
	<p>*Is the interest rate per annum estimated at this time?</p> <p><i>Answer this question if the interest rate type is fixed.</i></p>	Yes or No
	<p>If the interest rate per annum is estimated, then what is the date for this information to be announced to the market (if known)</p> <p><i>Answer this question if the interest rate type is fixed and your response to the previous question is "Yes".</i></p> <p><i>Answer "Unknown" if the date is not known at this time.</i></p>	
	<p>*Does the interest rate include a reference rate, base rate or market rate (e.g. BBSW or CPI)?</p> <p><i>Answer this question if the interest rate type is floating or indexed</i></p>	Yes or No
	<p>*What is the reference rate, base rate or market rate?</p> <p><i>Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".</i></p>	
	<p>*Does the interest rate include a margin above the reference rate, base rate or market rate?</p> <p><i>Answer this question if the interest rate type is floating or indexed.</i></p>	Yes or No
	<p>*What is the margin above the reference rate, base rate or market rate (expressed as a percent per annum)</p> <p><i>Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".</i></p>	% p.a.
	<p>*S128F of the Income Tax Assessment Act status applicable to the +security</p> <p><i>Select one item from the list</i></p> <p><i>For financial products which are likely to give rise to a payment to which s128F of the Income Tax Assessment Act applies, ASX requests issuers to confirm the s128F status of the security:</i></p> <ul style="list-style-type: none"> <li>• "s128F exempt" means interest payments are not taxable to non-residents;</li> <li>• "Not s128F exempt" means interest payments are taxable to non-residents;</li> <li>• "s128F exemption status unknown" means the issuer is unable to advise the status;</li> <li>• "Not applicable" means s128F is not applicable to this security</li> </ul>	<input type="checkbox"/> s128F exempt <input type="checkbox"/> Not s128F exempt <input type="checkbox"/> s128F exemption status unknown <input type="checkbox"/> Not applicable
	<p>*Is the +security perpetual (i.e. no maturity date)?</p>	Yes or No
	<p>*Maturity date</p> <p><i>Answer this question if the security is not perpetual</i></p>	



	<p>*Select other features applicable to the +security</p> <p><i>Up to 4 features can be selected. Further information is available in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities.</i></p>	<input type="checkbox"/> Simple <input type="checkbox"/> Subordinated <input type="checkbox"/> Secured <input type="checkbox"/> Converting <input type="checkbox"/> Convertible <input type="checkbox"/> Transformable <input type="checkbox"/> Exchangeable <input type="checkbox"/> Cumulative <input type="checkbox"/> Non-Cumulative <input type="checkbox"/> Redeemable <input type="checkbox"/> Extendable <input type="checkbox"/> Reset <input type="checkbox"/> Step-Down <input type="checkbox"/> Step-Up <input type="checkbox"/> Staped <input type="checkbox"/> None of the above
	<p>*Is there a first trigger date on which a right of conversion, redemption, call or put can be exercised (whichever is first)?</p>	<p>Yes or No</p>
	<p>*If yes, what is the first trigger date</p> <p><i>Answer this question if your response to the previous question is "Yes".</i></p>	
	<p>Details of the number and type of +security (including its ASX security code if the +security is quoted on ASX) that will be issued if the securities to be quoted are converted, transformed or exchanged</p> <p><i>Answer this question if the security features include "converting", "convertible", "transformable" or "exchangeable".</i></p> <p><i>For example, if the security can be converted into 1,000 fully paid ordinary shares with ASX security code ABC, please insert "1,000 fully paid ordinary shares (ASX:ABC)".</i></p>	

## Part 4 – Issue details

Question No.	Question	Answer
4.1	<p>*Have the +securities been issued yet?</p>	<p>Yes</p>
4.1a	<p>*What was their date of issue?</p> <p><i>Answer this question if your response to Q4.1 is "Yes".</i></p>	<p>26 October 2020</p>
4.1b	<p>*What is their proposed date of issue?</p> <p><i>Answer this question if your response to Q4.1 is "No".</i></p>	<p>N/A</p>
4.2	<p>*Are the +securities being issued for a cash consideration?</p> <p><i>If the securities are being issued for nil cash consideration, answer this question "No".</i></p>	<p>No</p>

4.2a	*In what currency is the cash consideration being paid <i>For example, if the consideration is being paid in Australian Dollars, state AUD. Answer this question if your response to Q4.2 is "Yes".</i>	N/A
4.2b	*What is the issue price per +security <i>Answer this question if your response to Q4.2 is "Yes" and by reference to the issue currency provided in your response to Q4.2a. Note: you cannot enter a nil amount here. If the securities are being issued for nil cash consideration, answer Q4.2 as "No" and complete Q4.2c.</i>	N/A
4.2c	Please describe the consideration being provided for the +securities <i>Answer this question if your response to Q4.2 is "No".</i>	N/A
4.3	Any other information the entity wishes to provide about the issue	N/A

## Part 5 – Unquoted +securities on issue

<p>Following the issue of the +securities the subject of this application, the unquoted issued +securities of the entity will comprise:</p> <p><i>Note: the figures provided in the table in section 5.1 below are used to calculate part of the total market capitalisation of the entity published by ASX from time to time. Please make sure you include in the table each class of unquoted securities issued by the entity. Restricted securities should be included in table 5.1.</i></p>					
5.1	<table border="1"> <thead> <tr> <th>*ASX security code and description</th> <th>*Total number of +securities on issue</th> </tr> </thead> <tbody> <tr> <td>KOVAL: Performance Rights</td> <td>278,715</td> </tr> </tbody> </table>	*ASX security code and description	*Total number of +securities on issue	KOVAL: Performance Rights	278,715
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KOVAL: Performance Rights	278,715				

## Part 6 – Other Listing Rule requirements

The questions in this Part should only be answered if you are an ASX Listing (ASX Foreign Exempt Listings and ASX Debt Listings do not need to complete this Part) and:

- your response to Q2.1 is "+securities issued under an +employee incentive scheme that are not being immediately quoted on ASX"; or
- your response to Q2.1 is "Other"

Question No.	Question	Answer
6.1	<p>*Are the securities being issued under Listing Rule 7.2 exception 13<sup>1</sup> and therefore the issue does not need any security holder approval under Listing Rule 7.1?</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	No
6.2	<p>*Has the entity obtained, or is it obtaining, +security holder approval for the issue under listing rule 7.1?</p> <p><i>Answer this question if the response to Q6.1 is "No".</i></p>	No
6.2a	<p>*Date of meeting or proposed meeting to approve the issue under listing rule 7.1</p> <p><i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "Yes".</i></p>	N/A
6.2b	<p>*Are any of the +securities being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?</p> <p><i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "No".</i></p>	No

<sup>1</sup> Exception 13

An issue of securities under an employee incentive scheme if within 3 years before the issue date:

- (a) in the case of a scheme established before the entity was listed – a summary of the terms of the scheme and the maximum number of equity securities proposed to be issued under the scheme were set out in the prospectus, PDS or information memorandum lodged with ASX under rule 1.1 condition 3; or
- (b) the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as an exception to this rule. The notice of meeting must have included:
  - a summary of the terms of the scheme.
  - the number of securities issued under the scheme since the entity was listed or the date of the last approval under this rule;
  - the maximum number of +equity securities proposed to be issued under the scheme following the approval; and
  - a voting exclusion statement.

Exception 13 is only available if and to the extent that the number of +equity securities issued under the scheme does not exceed the maximum number set out in the entity's prospectus, PDS or information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

Exception 13 ceases to be available if there is a material change to the terms of the scheme from those set out in the entity's prospectus, PDS or information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

6.2b.1	<p>*How many +securities are being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?</p> <p><i>Answer this question if the response to Q6.1 is "No", the response to Q6.2 is "No" and the response to Q6.2b is "Yes".</i></p> <p><i>Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure B to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1 to issue that number of securities.</i></p>	N/A
6.2c	<p>*Are any of the +securities being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)?</p> <p><i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "No".</i></p>	N/A
6.2c.1	<p>*How many +securities are being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A?</p> <p><i>Answer this question if the response to Q6.1 is "No", the response to Q6.2 is "No" and the response to Q6.2c is "Yes".</i></p> <p><i>Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure C to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1A to issue that number of securities.</i></p>	N/A

Introduced 01/12/19; amended 31/01/20

# Performance Rights Plan Offer Booklet

**Korvest Ltd** ABN 20 007 698 106

**2020 Offer**

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## **1. Offer of Performance Rights under the Korvest Ltd Performance Rights Plan**

### **1.1 What is the Plan**

In August 2011 the Board of Korvest Ltd (“Korvest”) approved Korvest’s Performance Rights Plan (“Plan”). The Plan is part of the overall remuneration strategy of Korvest.

The Plan is an employee share rights plan in which selected senior executives may be invited to receive rights to acquire Shares in Korvest. It is intended under the Plan to consider periodic invitations to eligible executives subject to the successful achievement of agreed corporate targets. The Board or its authorised delegate may, at its sole discretion, invite you to participate in the Plan under rules or guidelines as determined by the Board from time to time.

The number of rights allocated to each senior executive is determined at the discretion of the Board or its authorised delegate.

You do not pay anything to acquire your rights. If your rights become Vested Performance Rights and do not lapse, you will be able to acquire Shares in Korvest for no cash payment. Your ability to exercise your rights depends on Korvest’s performance compared to two performance hurdles over a three year period. In this way, the Plan provides you with a long term reward opportunity linked to the long term performance of Korvest and the achievement of specific performance hurdles.

### **1.2 Offer period**

The offer is scheduled to open on 26 October 2020 and close on 2 November 2020. If your Application Form is not received by Korvest’s Company Secretary before the Offer Closing Date you will be taken not to have applied for Performance Rights and none will be issued to you.

### **1.3 Share Price Information**

For the duration of the offer period, Korvest undertakes to notify executives within a reasonable period of executives so requesting, of the current market price of Shares. Requests can be sent to The Company Secretary, Korvest Ltd at 580 Prospect Road, Kilburn, SA 5084. The current market price of Shares is also available on the ASX Limited website at [www.asx.com.au](http://www.asx.com.au)

### **1.4 Where to Find More Detail**

This booklet contains information on the invitation for Performance Rights made under the Plan, including an explanation of taxation issues relating to the Plan.

Further detail can be found in the Performance Rights Plan Rules (“Rules”). If there are any inconsistencies between the Rules and this booklet, the Rules will prevail to the extent of that inconsistency.

A copy of the Rules and the Application Form that you need to complete in order to participate in the Plan accompany this booklet. Should you require further information, please contact Korvest’s Company Secretary.

## 1.5 Need Financial Advice?

**Any advice provided in this booklet is general advice only. You should seek your own investment, financial and taxation advice.**

Invitations to eligible Employees under the Plan do not take into account the investment objectives, financial situation and particular needs of any investor. It is important that you read the Plan Rules and this booklet before making any decision to participate in the Plan and acquire the Performance Rights. You should consider obtaining your own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission to give such advice.

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## 2. The Steps To Your Participation

In order to participate in the Plan the following steps need to take place:

### 2.1 Invitation

The Board now invites you to make an application for Performance Rights to acquire Shares in Korvest.

### 2.2 Application

You need to complete the Application Form, which accompanies this explanatory booklet and return it to Korvest's Company Secretary at 580 Prospect Road, Kilburn, SA 5084.

### 2.3 Grant

The Board may then accept your application and grant you your Performance Rights. The Performance Rights are granted to you only once the Board or its authorised delegate accepts your application.

### 2.4 Exercise

Unless your Performance Rights otherwise lapse, some or all of your Performance Rights may become Vested Performance Rights if the Performance Hurdles are met within the Performance Period (or if an Event occurs) and Korvest notifies you that your Performance Rights have become Vested Performance Rights. The way in which your Performance Rights become Vested Performance Rights is described in more detail in section 4 of this booklet ("When do Performance Rights become Vested Performance Rights?").

If your Performance Rights become Vested Performance Rights and do not lapse, you may exercise the rights during the Exercise Period. If you are a continuing employee, the Exercise Period will end 12 months after the date on which your Performance Rights become Vested Performance Rights. The Exercise Period may be shorter if you cease to be employed by the Korvest Group and your Performance Rights have not lapsed.

A Performance Right is exercised by lodging a notice of exercise of Performance Rights and application for Shares with Korvest's Company Secretary or such other person as the Board designates.

Performance Rights must be exercised in multiples of 1,000, unless you exercise all Performance Rights able to be exercised at that time.

Performance Rights, which have not become Vested Performance Rights may lapse if you cease to be employed by a Korvest Group Company. Your Performance Rights will lapse even if they have become Vested Performance Rights if you cease to be employed because of misconduct or any other reason justifying termination without notice.

The effect of you ceasing to be employed by a Korvest Group Company is set out in section 6 of this booklet ("What happens when you cease employment?").

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### **3. What is a Performance Right?**

A Performance Right is a right to acquire one ordinary Share in Korvest. You can exercise a Performance Right if the right has become a Vested Performance Right and has not lapsed.

Because these Performance Rights are rights to acquire Shares in Korvest, the Performance Rights will not enable you to participate in dividends or other shareholder benefits (including any voting rights) prior to their exercise. Until your Performance Rights are exercised, you have no legal or beneficial interest in any Shares in Korvest.

The Plan does not allow you to assign or transfer Performance Rights you receive to any other individual and does not provide a guarantee as to Korvest's financial or other performance.

#### **3.1 Risk of forfeiture of Shares**

Shares acquired on exercise of Vested Performance Rights are subject to the risk of forfeiture if you perpetrate fraud against Korvest or Korvest Group or if you breach your obligations, or act dishonestly, towards Korvest or Korvest Group.

The risk of forfeiture applies until the earlier of:

- (a) the termination of your employment other than for fraud, dishonesty or breach;
- (b) the sale or transfer of the Shares; and
- (c) the day 7 years after you were granted the Performance Rights.

If your Shares are forfeited, then you lose your rights and interest in the Shares and any dividends payable on the Shares, and the Board may sell or deal with those Shares as the Board may decide and Korvest retains the net proceeds (if any).

#### **3.2 Restriction on dealing**

Shares acquired on exercise of Vested Performance Rights must not be dealt with until the earlier of:

- (a) the end of a period determined by the Board and specified in your invitation letter;
- (b) if you cease to be employed by Korvest or within the Korvest Group;
- (c) the Board approving a restriction on disposal being released; and
- (d) the day 2 years after the Performance Rights became Vested Performance Rights.



In addition, dealing with any Shares must be in accordance with Korvest's Securities Trading Policy. There is a restricted trading "window" in which certain employees can deal with Shares and all dealings must be notified to the Company Secretary.

However, the fact that you deal with Shares in accordance with Korvest's Securities Trading Policy is no guarantee that you have complied with the law in relation to insider trading. You should consider the circumstances, including whether you are aware of information which is not generally available and which could reasonably be expected to have a material effect on the price or value of shares or other financial products, and the law applying at the relevant time, and seek legal advice if necessary, to satisfy yourself that you are not contravening the law.

It is your responsibility to ensure that you comply with the law relating to insider trading. If you have any queries or require a copy of Korvest's Securities Trading Policy, please contact Korvest's Company Secretary for further information.

### **3.3 Bonus issues and Capital Reconstructions of Korvest**

The number of Shares in Korvest to which you will be entitled upon exercise of your Performance Rights will be adjusted to reflect any bonus issues, rights issues or capital reconstructions (eg share splits or consolidations), which Korvest undertakes between the date of allocation of the Performance Rights and the exercise of those Performance Rights. The adjustment to the number of Performance Rights you are entitled to will be made in accordance with ASX requirements (further details are provided in the Rules).

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## **4. When do Performance Rights become Vested Performance Rights?**

Your Performance Rights may become Vested Performance Rights:

- (a) if Korvest meets the Performance Hurdle(s) during the Performance Period; or
- (b) if an "Event" occurs,

and the Board sends you a notice notifying you that the Performance Rights have become Vested Performance Rights.

These concepts are described below.

### **4.1 What are the Performance Hurdles?**

#### **Earnings Per Share**

The first Performance Hurdle is based on the growth of Korvest's earnings per share over the three financial years during the Performance Period ending 30 June 2023.

The Performance Rights will vest and become exercisable if the Performance Hurdle is satisfied over the Performance Period in the following circumstances:

- (a) the Performance Hurdle will be met if the Company's earnings per share (eps) over the Performance Period exceeds 135.301;
- (b) one quarter (1/4) of the Performance Rights will vest and be exercisable if the Company's eps over the Performance Period equals 118.504;

- (c) all of the Performance Rights will vest and be exercisable if the Company's eps over the Performance Period equals or exceeds 135.301;
- (d) if the Company's eps over the Performance Period is greater than 118.504 but less than 135.301, the number of Performance Rights that will vest and be exercisable will be calculated in accordance with the following formula:

$$A = E \{ 25\% + 75\% [ ( B - C ) / D ] \}$$

where:

A = the number of Performance Rights that will vest and become exercisable (rounded down to the nearest whole number)

B = the Company's aggregate actual eps over the Performance Period

C = 118.504

D = (135.301 – 118.504)

E = the number of rights issued

The Performance Hurdle eps figures have been set on the basis of annual compounding growth in eps. The eps base statutory EPS for the FY20 financial year of 35.8 cents. The eps of 118.504 cents results from 5% annual compounding growth in eps for each of the 2020/21, 2021/22 and 2022/23 financial years. The eps of 135.301 cents results from 12% annual compounding growth in eps for each of the 2020/21, 2021/22 and 2022/23 financial years. For the purposes of assessing satisfaction of the Performance Hurdle, the board may adjust Korvest's eps over the Performance Period for extraordinary, significant or non-recurring items.

For the purposes of assessing whether the performance hurdle is met, "eps" means Korvest's aggregate eps as disclosed in Korvest's Preliminary Final reports lodged with ASX for each year of the Performance Period. However, if any extraordinary, significant or non-recurring item of income or expense has an effect on the reported net profit (after tax) for a financial year then the eps figure used to determine the satisfaction (or otherwise) of the Performance Hurdle may be modified at the sole discretion of the Board.

### **Return on Invested Capital (ROIC)**

The ROIC Performance Rights will vest and become exercisable if the ROIC Performance Hurdle is satisfied over the Performance Period. The ROIC Performance Hurdle measures the Management's efficiency at allocating capital under its control to generate profitable returns for the Company. In order to maintain and improve the Company's ROIC, Management must focus on the quality of earnings and the capital required to achieve improved earnings.

The ROIC Performance Hurdle is calculated as follows:

$$\text{Return on Invested Capital (ROIC)} = \frac{\text{Net Operating Profit After Tax (NOPAT)}}{\text{Total Invested Capital (TIC)}}$$

where:

- NOPAT is the average of the Company’s net operating profit after tax over the three years of the vesting period (i.e. 30 June 2020 to 30 June 2023); and
- TIC is the average of the Company’s invested capital, calculated as follows: (current assets – current liabilities – cash and investments) + (plant, property and equipment + goodwill + intangibles) with the average TIC being the balances as at 30 June and 31 December during the period from 2020 to 2023.

Based on the Company’s performance, the ROIC Performance Rights would vest in accordance with the table below:

Average 3 year ROIC of the Company	Proportion of ROIC Performance Rights vesting
Less than 6%	0%
6%	50%
Above 6% and below 9%	50% to 100% using a straight line analysis
9% or greater	100%

Half of the Performance Rights issued will be tested against each of the two Performance Hurdles.

#### 4.2 What is the Performance Period?

In general, the Performance Period is the period from 1 July 2020 to 30 June 2023.

This means that the Performance Hurdle(s) must be passed at the end of the three financial years to 30 June 2023 for the Performance Rights to become Vested Performance Rights. You will be advised as to whether the Performance Hurdles for the Performance Rights have been met as soon as practicable following the release to ASX of Korvest’s Preliminary Final Report for the year ending 30 June 2023. The Performance Period may be shortened if you cease to be employed by a Korvest Group Company. The effect of you ceasing to be employed is described in section 6 of this booklet (“What happens when you cease employment”).

#### 4.3 What is an “Event”?

If the Board considers that an “Event” has occurred before the end of the Performance Period, it may allow you to exercise all or a portion of your Performance Rights from the date notified by the Board. The Board shall have discretion to determine how many Performance Rights become Vested Performance Rights if an Event occurs. The Board shall exercise its discretion having regard to the amount of the Performance Period that has elapsed and the performance over that elapsed period. These Events are:

- a person together with their associates acquiring 50% or more of the shares issued in Korvest. Where the acquisition is under a takeover bid, the takeover bid must be or become unconditional;

- (b) the Court ordering a meeting under section 411 of the Corporations Act in relation to a proposal, compromise or arrangement for the purpose of or in connection with a scheme for the reconstruction of Korvest or its amalgamation with any other company;
- (c) Korvest passing a resolution for voluntary winding up; and
- (d) an order being made for the compulsory winding up of Korvest.

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## 5. If you are a continuing employee, when will your Performance Rights lapse?

If you continue to be an employee of a Korvest Group Company, your Performance Rights will lapse if:

- (a) a Performance Hurdle is not satisfied within the Performance Period;
- (b) your Performance Rights have become Vested Performance Rights (such as if a Performance Hurdle has been satisfied within the Performance Period) and you do not exercise your Performance Rights within the Exercise Period;
- (c) you transfer or purport to transfer the Performance Rights without Board approval.

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## 6. What happens when you cease employment?

The cessation of your employment with a Korvest Group Company will impact on your Performance Rights. What happens to your Performance Rights will depend upon whether your Performance Rights have become Vested Performance Rights prior to your ceasing employment and the reasons why you cease employment with a Korvest Group Company. The consequences are described in Rule 13 of the Rules and in the table below.

**Performance Rights can be either Vested or Unvested. Unvested Performance Rights (i.e. those which have not become exercisable) will lapse if you cease to be employed by a Korvest Group Company. However, the Board has discretion in certain circumstances to determine that Unvested Performance Rights may become Vested Performance Rights.**

In the event that you perpetrate fraud against Korvest or a Korvest Group Company, act dishonestly or commit a breach of your obligations to Korvest or a Korvest Group Company, any shares that have been issued to you pursuant to this offer will be subject to forfeiture.

Participation in the Plan does not provide a guarantee of continued employment with a Korvest Group Company. Participation in the Plan does not affect any right that a Korvest Group Company may have to terminate your employment.

Why your employment ceased?	Vested Performance Rights	Unvested Performance Rights
If you cease to be an employee of a member of the Korvest Group other than in circumstances described below	Remain exercisable until the end of 30 days after you cease to be an employee within the Korvest Group	A pro-rata portion of the Rights will continue as Unvested Performance Rights until the end of the Performance Period when the performance hurdles will be assessed.
Resignation	Lapse upon resignation	Lapse upon resignation
Total and Permanent Disablement or Death	Remain exercisable until the end of the applicable Exercise Period	A pro-rata portion of the Rights will continue as Unvested Performance Rights until the end of the Performance Period when the performance hurdles will be assessed.
Termination for misconduct or other reason justifying termination without notice	Lapse immediately	Lapse immediately

## 7. What are the tax implications of participation in the Plan?

### 7.1 General tax implications

In general terms, the taxation implications of the Plan are as follows:

- (a) Where a participating executive receives Vested Performance Rights to acquire Shares, the discount to market value of the rights is assessable income to the participating executive.
- (b) Discounts received on vested rights or shares acquired via an employee share scheme are assessable as income rather than as capital gains.
- (c) The liability of participating executives to tax on the discount will be deferred until the earliest of the cessation of the participating executive's employment, the expiry of restrictions on the exercise or disposal of the Vested Performance Rights or Shares and any real risk of forfeiture, or 7 years after acquisition of the Vested Performance Rights.
- (d) No Fringe Benefits Tax liability arises in relation to the value of the shares issued.
- (e) The exercise price of the Vested Performance Rights is zero. Accordingly, the amount of the discount will be equal to the market value of a Korvest Ltd Share on the day that the discount becomes taxable.
- (f) Participating executives will not be entitled to claim the \$1,000 tax exemption of the discount, which is available to persons participating in certain employee share

schemes. The \$1,000 exemption is not available because (amongst other reasons) the Performance Rights under the Plan are not offered on a non-discriminatory basis to at least 75% of Korvest's employees.

## **7.2 Transfer of entitlement**

Rights can only be transferred with the Board's prior written consent.

There are many alternative scenarios to consider when undertaking a transfer of rights and/or the Shares upon exercise of those rights. It is advised that individual, transaction-specific, tax advice be sought prior to considering any action in respect of such a request to the Board. In very general terms it is likely that any such transfer will not be effective for tax purposes and that income will remain attributable to the participating executive.

## **7.3 Advice of a general nature**

The information above is deliberately general in nature. The information does not purport to provide individually relevant or specific advice. It should not be relied upon as the sole source of information relevant to making any decision. Specific, tax advice, taking into account detailed knowledge of an employee's overall tax position, should be sought prior to considering any action in respect of the Plan.

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## 8. Interpretation

In this agreement, unless the context otherwise requires:

**ASX** means the ASX Limited.

**Korvest** means Korvest Ltd (ABN 20 007 698 106).

**Korvest Group Company** means Korvest or any of its Subsidiaries.

**Board** means all or some of the directors of Korvest acting as a board.

**Employee** means a person who is a full time or part time employee of a Korvest Group Company.

**Event** means the events described in Rule 1 of the Rules.

**Exercise Period** means the period in which you can exercise your Performance Rights and is described in section 2 of this booklet.

**Performance Hurdles** means the performance hurdles described in section 4.1 of this booklet.

**Performance Period** means the period described in section 4.2 of this booklet.

**Performance Right** means a right issued under the Plan to subscribe for Shares.

**Plan** means the Korvest Performance Rights Plan established under the Korvest Performance Rights Plan Rules adopted by the Board in August 2011, as amended from time to time.

**Shares** mean fully paid ordinary shares in the capital of Korvest.

**Subsidiary** means a body corporate which is a subsidiary of Korvest by virtue of Division 6 of Part 1.2 of the Corporations Act 2001 (Cth).