APPSVILLAGE AUSTRALIA LIMITED ACN 626 544 796



PROSPECTUS

For an offer of 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000 (before costs) (Offer). Oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise up to a further \$1,000,000 may be accepted to raise up to a total of \$6,000,000 under the Offer. The Offer is conditional upon satisfaction of certain conditions. Refer to Section 3.2 for further details.

Lead Manager:



IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay. **The Shares offered by this Prospectus should be considered highly speculative.**

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CORPORATE DIRECTORY

Directors

Yoav Ziv Non-Executive Chairman

Max Bluvband Executive Director and Chief Executive Officer

Leanne Graham Non-Executive Director

Jonathan Hart Non-Executive Director

Company Secretary

Jonathan Hart

Proposed ASX Code

APV

Share Registry*

Automic Registry Services Level 2 267 St Georges Terrace PERTH WA 6000

Solicitors in Australia

Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street PERTH WA 6000

Solicitors in Israel

Pearl Cohen Zedek Latzer Baratz Azrieli Sarona Tower 121 Menachem Begin Road Tel-Aviv 6701203 Israel

Registered Office

C/- Steinepreis Paganin Level 4 16 Milligan Street PERTH WA 6000

Email: info@appv.io Website: www.appv.co

Lead Manager

RM Corporate Finance Pty Ltd Level 1, 1205 Hay Street WEST PERTH WA 6005

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd 38 Station St SUBIACO WA 6008

Auditor – Israel

Somekh Chaikin Certified Public Accountants (Isr.) A Member Firm of KPMG International KPMG Millennium Tower 17 Haarbaa Street Tel Aviv 64739 Israel

Auditor – Australia

BDO Audit (WA) Pty Ltd 38 Station St SUBIACO WA 6008

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

IMPORTANT NOTICE

This Prospectus is dated 7 June 2019 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

Applicants outside Australia

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Prospectus have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Israel

This Prospectus does not constitute a prospectus under the Israeli Securities Laws 5728-1968, and has not been filed with or approved by the Israel Securities Authority. In the State of Israel, this Prospectus is being distributed only to, and is directed only at, and any offer of

the Shares is directed only at: (i) a limited number of not more than 35 persons or entities in accordance with the Securities Law and the regulations thereunder; and (ii) invested listed in the first addendum, or the Addendum, to the Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds (all as defined under Israeli Iaw), entities in excess of ILS 50 million (other than entities formed for the acquisition of securities from a certain offer) and "qualified individuals", each as defined in the Addendum (as it may be amended from time to time), collectively referred to as Qualified Investors (in each case purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are invested listed in the Addendum). Qualified Investors will be required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it. Certain Qualified Investors may be required to submit additional confirmations.

Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.appv.co. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 413 890 032 during office hours or by emailing the Company Secretary, Mr Jonathan Hart at jonathan@appv.io.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section C of Section 2 as well as Section 5 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this prospectus are illustrative only and may not be drawn to scale.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please contact the Lead Manager, RM Corporate Finance Pty Ltd, by phone on +61 8 6380 9200 during office hours or by email at nbarbarich@rmcf.com.au.

Governing law

The Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the law applicable in Western Australia and each Applicant submits to the exclusive jurisdiction of the Courts of Western Australia.

Financial information presentation

Historical financial information contained in this Prospectus, including the pro forma financial information, has been prepared and presented in accordance with the recognition and measurement principles prescribed by the International Financial Reporting Standards (IFRS). The historical financial information also complies with the recognition and measurement principles of the IFRS and interpretations adopted by the International Accounting Standards Board.

Definitions

Terms used in this Prospectus are defined in the Glossary in Section 11.

CHAIR'S LETTER

Dear Investor

I am delighted to present this Prospectus and offer you the opportunity to become a shareholder in AppsVillage Australia Limited, a company that has entered into an agreement to acquire 100% of the shares in Israeli company, AppsVillage Ltd (AppsVillage).

AppsVillage is a fast-growing software-as-a-service (**Saas**) company that commenced activities in 2016 to capitalise on the growing use of mobile applications and the strong demand for digital marketing solutions for small to medium sized businesses. Research indicates that mobile phone users spend approximately 90% of their mobile usage time using apps and AppsVillage has developed a revolutionary SaaS product, pitched at small to medium sized businesses, enabling them to build, launch and market their own branded mobile apps in just a few clicks.

Once a business has created its own branded business app with AppsVillage, they can grow their business by reaching thousands of new customers and increase loyalty of the current customer base.

Historically, building a fully functional mobile application that enables direct customer engagement, could cost tens of thousands of dollars, placing them out of reach for most small to medium sized businesses. AppsVillage has automated all the design, development and marketing of the mobile business app and operates on a subscription-based revenue model, making the ability for these businesses to have their own business-related app, achievable.

Since 2016, AppsVillage has achieved a number of landmarks including:

- Completing the development of its platform.
- Generating total sales of more than AUD\$700,000 in 2018 and more than AUD\$300,000 in Q1 2019.
- Securing a global presence with active users across 142 countries.
- Achieving strategic partnerships with companies such as Facebook.

The Australian market has an excellent reputation for incubating and growing Israeli technology companies and I feel this is the perfect market for AppsVillage to execute its long-term growth strategy to become a market leader with an innovative SaaS offering.

The Company is seeking to raise a minimum of \$5,000,000 via the issue of 25,000,000 Shares at \$0.20 per Share. Oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise up to a further \$1,000,000 may be accepted.

Following the completion of the Offer, the Company plans to focus on scaling the business and growing revenues.

On behalf of the Board, I invite you to consider an investment in this exciting opportunity. Please ensure you read this Prospectus in its entirety prior to making any investment as it contains important information regarding the offer, financial position, operations and management team, and if you have any questions in relation to the Offer, speak to your nominated professional adviser.

Sincerely

You w

Yoav Ziv Non-Executive Chairman

1. INDICATIVE TIMETABLE AND KEY OFFER DETAILS

Lodgement of Prospectus with the ASIC	7 June 2019
Exposure Period begins	7 June 2019
Opening Date of Offer	17 June 2019
Closing Date of Offer (5:00pm Perth time)	5 July 2019
Completion of Acquisition	10 July 2019
Issue of Shares under the Offer	15 July 2019
Closing Date of Cleansing Offer	16 July 2019
Despatch of holding statements	17 July 2019
Expected date for quotation on ASX	23 July 2019

- 1. The above dates are indicative only and may change without notice. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act. The Company, in consultation with the Lead Manager, reserves the right to extend the Closing Date or close the Offer or the Cleansing Offer early without prior notice. The Company also reserves the right not to proceed with the Offer or the Cleansing Offer at any time before the issue of Shares to Applicants.
- 2. The above stated date for Completion of the Acquisition is only a good faith estimate by the Directors and may be extended.
- 3. Unless otherwise indicated all times given are Western Standard Time, Australia.

KEY OFFER DETAILS

Securities offered under the Offer	Shares
Offer Price per Share	\$0.20
Shares currently on issue before the Offer	6,875,001
Minimum Shares to be issued under Offer	25,000,000
Maximum Shares to be issued under Offer	30,000,000
Shares to be offered under the Cleansing Offer	1,000
Total number of shares on issue after completion of the Offer (based on the Minimum Subscription and Completion of the Acquisition)	66,660,790
Options to be issued under this Prospectus	Nil
Options and Performance Options on issue following completion of the Offer	35,049,314
Warrants on issue following completion of the Offer	2,000,000
Market capitalisation at listing (undiluted assuming Minimum Subscription)	\$13,332,158

Refer to Section to Section 4.14 for a pro forma capital structure following completion of the Offer.

2. INVESTMENT OVERVIEW

This Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

ltem	Summary	Further information
A. Compo	ny	
Who is the issuer of this Prospectus?	AppsVillage Australia Limited (ACN 626 544 796).	
Who is the Company?	AppsVillage Australia Limited was incorporated on 1 June 2018 for the purpose of identifying technology acquisitions showing potential for growth and development. On or about 5 June 2019, the Company entered into an agreement to acquire AppsVillage Ltd (Israel Company registration no 515311140) (AppsVillage).	Section 4.1
Who is AppsVillage?	AppsVillage is an Israeli company which was incorporated on 3 September 2015.	Section 4.3
What is the AppsVillage business?	AppsVillage has developed a proprietary, Software as a Service (SaaS) cloud-based platform that provides small-to-medium businesses with a simple and inexpensive way to develop their own branded mobile business applications as a means of connecting with their clients and growing their revenues. AppsVillage was founded on the vision of enabling small-to- medium businesses to create, manage and share their own apps to enable marketing and sales for their products and services through its personal mobile apps channel. AppsVillage's technology has automated the design, development, maintenance and marketing of mobile apps, allowing any business to build, preview and launch their own mobile apps without having any code writing or digital marketing knowledge. AppsVillage commenced generating revenues from its business in 2016 and as at the date of this Prospectus has generated total revenue of over AUD\$1,000,000.	Section 4.3
B. Busines	ss Model	
How will the Company generate income?	The Company will generate income through the AppsVillage business. AppsVillage's target customers are small-to- medium businesses, primarily with a need or an opportunity to develop their own mobile app to improve their business outcomes.	Sections 4.6 and 4.7

Item	Summary	Further information
	 The AppsVillage platform allows these customers to create and maintain their own mobile app by purchasing a subscription via AppsVillage's website in a SaaS model. Income is presently derived from: (a) monthly and annual subscription fees paid by customers for use of the AppsVillage platform; (b) commission received on each sale of premium app features made through the AppsVillage platform; and (c) commission received on customers' advertising on selected social media platforms. Following its listing, the Company will also consider other opportunities to generate revenue from the AppsVillage business. 	
What are the key business strategies of the Company?	 Following the completion of the acquisition of AppsVillage and listing on ASX, the Company's key business strategies are to: (a) fund initiatives that scale and increase revenues and drive the Company to profitability; (b) expand global efforts and market share of AppsVillage in its existing markets (including the USA, UK, Canada and Australia) and expanding into potential new markets such as India and other developing markets; and (c) create strategic partnerships with other software and SaaS companies to leverage new customer bases. 	Sections 4.2 and 4.6
What are the key dependencies of the Company's business model?	 Key dependencies of the Company's business model: (a) customers' willingness to adopt the technology and pay for the products and services AppsVillage provides; (b) reliance on business partners and third-party platforms; (c) AppsVillage's arrangement with Facebook, which grants AppsVillage access to proprietary and private application programming interfaces (APIs); (d) the Company being able to increase customer numbers using the AppsVillage platform, in order to achieve economies of scale and to generate positive cashflow. 	Section 4.7

Item	Summary	Further information
	Explanations of these dependencies on the Company's business are further set out in Section 4.7.	
C. Key Ac	lvantages and Key Risks	
What are the key advantages of an investment in the Company?	 The Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages: (a) the Company is acquiring a platform that has developed a presently unique business offering that enables businesses to develop their own mobile apps at a much-reduced time and price compared to those businesses who outsource or develop internally. (b) The Directors and management team of AppsVillage have extensive industry experience which will benefit the Company in seeking to grow the AppsVillage business. (c) Through its acquisition of AppsVillage, the Company will be exposed to the growing online and social promotion market. (d) The Company will potentially be exposed to a worldwide market of small to medium business enterprises that wish to develop their own mobile application for their own target market, meaning that the Company has significant opportunity to grow AppsVillage has generated revenues from the first day it commenced its sales efforts. (f) AppsVillage is continuing to develop two strong relationship channels – with Facebook and Amdocs – to seek to strengthen the Company's revenue and growth projections. 	Section 4
What are the key risks of an investment in the Company?	 Risks associated with an investment in the Company under this Prospectus are detailed in Section 5. Key risk factors affecting the Company include: (a) Acquisition risk Pursuant to the Acquisition Agreement, Completion is subject to the fulfilment of certain conditions precedent as summarised in Section 8.1. There is a risk that the conditions precedent may not 	Section 5

Item		Summary	Further information
		be satisfied or waived. If this is to occur the Offer would not proceed.	
	(b)	Technology risk AppsVillage's market involves rapidly evolving products and technological change. The Company cannot guarantee that it will be able to engage in research and development at the requisite levels. The Company cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new products in a timely or cost- effective manner.	
	(C)	Development risk	
	(-)	AppsVillage's products and services are the subject of continuous development and need to be substantially developed further in order to gain and maintain competitive and technological advantage, and to improve the products' and services' usability, scalability and accuracy. There are no guarantees that the Company will be able to undertake such development successfully.	
	(d)	Competition risk	
		Rival product offerings by existing and new competitors as well as technology developments by competitors may have an adverse effect on the Company's business operations, financial performance and prospects as well as on the value and market price of the Company's Shares. This risk may influence the Company's customer acquisition cost and customers' lifetime value.	
	(e)	Early stage business and limited history	
		The Company's business operations are at an early stage, and the commercialisation of AppsVillage's products has not yet been proven at any scale. The Company's success will depend on the Company's ability to implement its business plan, the ability to commercialise AppsVillage's products and the ability of the Company to successfully implement its research and development plans.	

Item	Summary	Further information
	(f) Intellectual property risk The underlying technology on which AppsVillage's platform technology is built cannot be patented. The Company will rely on the 'first to market' advantage gained by AppsVillage being the developer of unique technology and the business model.	
	(g) Reliance on key personnel The Company's prospects depend in part on its executive officers, senior management and key consultants. The loss of such key management personnel could have a material effect on the Company.	
	 (h) Associated risk with managing rapid growth AppsVillage is targeting rapid sales growth, which may bring challenges in recruiting enough qualified employees to manage growth and maintain the desired quality of service and support. 	
	 (i) Israeli subsidiary company The Company will be the parent company of AppsVillage, which is incorporated and based in Israel. Accordingly, political, economic and military conditions in Israel and its surrounding region may directly affect the Company's business. 	
	(j) Conducting business outside of Australia AppsVillage currently has all of its operations in Israel. For operational reasons the Company may also establish operations in other jurisdictions. Wherever the Company establishes its operations, the Company is exposed to a range of multi- jurisdictional risks, such as risks relating to currency exchange rates, labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which the Company operates.	

Item	Summary	Further information
	(k) Future capital requirements There is no certainty regarding the ability of the Company to raise sufficient funds to meet its needs into the future. The Company's future capital requirements depend on a number of factors including the Company's ability to generate income from its operations. The Company may need to raise additional capital from equity or debt sources due to unforeseen circumstances. There can be no assurance that the Company will be able to raise such capital on favourable terms or at all.	
D. Directo	ors and Key Management Personnel	
Who are the Directors?	 On listing, the Directors of the Company will be: (a) Yoav Ziv – Non-Executive Chairman (b) Max Bluvband – Executive Director and Chief Executive Offer; (c) Leanne Graham – Non-Executive Director; and (d) Jonathan Hart – Non-Executive Director. The profiles of each of those Directors are set out in Section 4.10.1. 	Section 4.10.1
Other Key Management Personnel	 The key management personnel of AppsVillage consist of: (a) Shahar Hajdu – Chief Technology Officer; (b) Moshe Cohen – Vice President of Business Development; and (c) Gidi Krupnik – Chief Financial Officer. The profiles of each of the key management personnel are set out in Section 4.10.2. 	Section 4.10.2
What are the significant interests of Directors in the Company?	Each Director's relevant interests in securities of the Company as at Admission is set out in Section 4.12.	Section 4.12
E. Financ	ial Information	
How has the Company been performing?	The Company has not undertaken any business activities since it was incorporated. The financial performance of AppsVillage is included in the Independent Limited Assurance Report in Section 6 of this Prospectus.	Section 6

Item	Summary	Further information
What is the financial outlook for the Company?	AppsVillage is already generating revenues from its current business, however the Company believes that revenue forecasts for early stage businesses are uncertain in light of numerous factors that are outside of its control. Given these factors and having regard to ASIC Regulatory Guide 170, the Directors find that the Company is unable to provide potential investors with reliable revenue, profit or cash flow projections or forecasts – other than having sufficient working capital based on estimated expenditures for a 24-month period, with only minimal existing revenues. Potential investors should take into account this uncertainty and lack of financial forecast in considering the risks of investing in the Company's Shares.	Section 6
F. Offer		
What is being offered?	The Offer is an offer of 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000. Oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise up to a further \$1,000,000 may be accepted. The minimum subscription under the Offer is therefore \$5,000,000. The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the Official List of the ASX and to position the Company to seek to achieve the objectives stated at Section B above. The Board believes that upon completion of the Offer, the Company will have sufficient working capital to achieve its objectives.	Section 3.1
What is the Cleansing Offer?	The Cleansing Offer is intended to remain open following the closing of the Offer until all Shares under the Acquisition have been issued in order to ensure that all Shares issued under the Acquisition will be capable of being traded on ASX from the date of issue (subject to any escrow restrictions imposed on those Shares).	Section 3.1.2
Who is the lead manager to the Offer?	The Company has appointed RM Corporate Finance Pty Ltd (Lead Manager) as lead manager to the Offer. The Lead Manager will receive fees as set out in Section 3.10.	Sections 3.10 and 8.4

Item	Summary	Further information
What will the Company's capital structure look like after completion of the Offer?	Refer to Section 4.14 for a pro forma capital structure following completion of the Offer.	Section 4.14
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer is set out in Section 9.2.	Section 9.2
Will any securities be subject to escrow?	Subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, certain Securities on issue may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.	Section 4.16
Will the Shares be quoted?	Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus.	Section 3.8
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable at the beginning of this Prospectus.	Indicative Timetable
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of 10,000 Shares and thereafter, in multiples of 2,500 Shares.	Section 3.6
Are there any conditions to the Offer?	The Offer is conditional upon the Company raising the Minimum Subscription, ASX approval for quotation of the Shares and Completion of the Acquisition Agreement. No Shares will be issued if any of these conditions are not satisfied.	Sections 3.2 and 5.2(a)
G. Use of	funds	
How will the proceeds of the Offer be used?	The Offer proceeds and the Company's existing cash reserves will be allocated and apportioned as set out in Section 3.5.	Section 3.5

Item	Summary	Further information
Will the Company be adequately funded after completion of the Offer?	The Directors are satisfied that on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.	Section 3.5
H. Additio	nal information	
Is there any brokerage, commission or duty payable by applicants?	The Lead Manager will be entitled to fees as set out in Section 3.4. No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offer.	Section 3.13 and 3.16
What are the tax implications of investing in Shares?	Holders of Shares may be subject to Australian tax on any future dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.	Section 3.16
What are the corporate governance principles and policies of the Company?	To the extent applicable, in light of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations). The Company's main corporate governance policies and practices and the Company's compliance and departures from the Recommendations as at the date of this Prospectus are outlined in Section 1. The Company's full Corporate Governance Plan is available from the Company's website (https://appv.co/public/website/corporate).	Section 7.1
Where can I find more information?	 (a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser; (b) By contacting the Lead Manager, RM Corporate Finance Pty Ltd, by phone on +61 8 6380 9200 during office hours or by email at nbarbarich@rmcf.com.au. 	

3. DETAILS OF THE OFFER

3.1 The Offers

3.1.1 The Offer

Under the Offer, the Company invites applications for 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000 (before costs). Oversubscriptions of up to a further 5,000,000 Shares at an issue price of \$0.20 per Share to raise up to a further \$1,000,000 may be accepted to raise up to a total of \$6,000,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

3.1.2 The Cleansing Offer

Under the Cleansing Offer, the Company offers 1,000 Shares at an issue price of \$0.20 per Share to raise \$200.

The Cleansing Offer is included primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company where those issues occur after the Offer has closed. The Cleansing Offer will remain open after the close of the Offer.

3.2 Conditions of the Offer

The Offer is conditional upon the Company raising the Minimum Subscription, the Company receiving ASX approval for quotation of the Shares and Completion of the Acquisition Agreement. No Shares will be issued if any of these conditions are not satisfied.

3.3 Minimum subscription

The minimum amount which must be raised under this Prospectus is \$5,000,000 (**Minimum Subscription**). Subject to any legal extension, if the Minimum Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

3.4 Not underwritten

The Offer is not underwritten.

3.5 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the next two years following admission of the Company to the Official List of ASX as follows:

	Minimum Subscription (\$5,000,000)	% of Funds	Maximum Subscription (\$6,000,000)	% of Funds
Existing cash reserves ¹	\$300,000	5.7	\$300,000	4.8
Funds raised from the Offer	\$5,000,000	94.3	\$6,000,000	95.2
TOTAL	\$5,300,000	100	\$6,300,000	100
Research and development ²	\$2,588,000	48.8	\$2,888,000	45.8
Sales, marketing and general costs ³	\$1,120,000	21.1	\$1,620,000	25.7
Corporate and administration costs ⁴	\$857,000	16.2	\$857,000	13.6
Unallocated working capital	\$147,870	2.8	\$286,794	4.6
Expenses of the Offer ⁵	\$587,130	11.1	\$648,206	10.3
TOTAL	\$5,300,000	100	\$6,300,000	100

Notes:

- 1. This reflects the current cash at bank of the combined entity. Pursuant to a bridging loan agreement entered into between the Company and AppsVillage, \$450,000 has been loaned to AppsVillage to meet its ongoing working capital commitments during the period prior to the lodgement of the Prospectus. The terms of the bridging loan are set out in Section 8.2 below.
- 2. Funds allocated to research and development are intended to be used over the two years from Admission for the ongoing development of the AppsVillage platform, including developing new methods for adding additional features into the platform offering, increasing conversion and enriching the AppsVillage product offering.
- 3. These funds relate to branding, promotion, website, events, marketing campaigns, public relations consultants, other associated marketing costs, office rental costs, salaries and wages of the Company's staff who will predominantly be based in Israel, legal costs, accounting and book-keeping costs, insurance and other miscellaneous costs.
- 4. Corporate and administration costs include ongoing advisory fees as well as compliance costs associated with the Company being publicly traded.
- 5. Refer to Section 9.11 for further details.

In the event the Company raises more than the Minimum Subscription of \$5,000,000 the additional funds raised (after deducting expenses of the Offer (which will vary depending on the amount raised)) will be applied towards research and development, sales and marketing expenses and unallocated working capital.

It should be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results obtained from its ongoing business activities. The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following the completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 5.

3.6 Applications under the Offer

If you wish to apply for Shares under the Offer, you may:

- (a) apply online using an online Application Form and pay the application monies electronically; or
- (b) complete a paper-based application using the relevant Application Form attached to or accompanying this Prospectus or a printed copy of the relevant Application Form attached to the electronic version of this Prospectus.

3.6.2 How to apply

(a) **Paper Application**

Complete the hard copy of the Application Form accompanying the hard copy of this Prospectus and mail or hand deliver the completed Application Form with cheque or bank draft to the Share Registry at the relevant address shown on the Application Form so it is received before 5.00pm (WST) on the Closing Date.

By Post To:	Delivered To:
AppsVillage Australia Limited C/- Automic Group GPO Box 5193 Sydney NSW 2001	AppsVillage Australia Limited C/- Automic Group Level 5 126 Phillip Street SYDNEY NSW 2000

(b) **BPAY® or Electronic Funds Transfer (EFT)**

Applicants in Australia may also apply for Shares by applying online at <u>https://investor.automic.com.au/#/ipo/appsvillage</u>. An Applicant must comply with the instructions on the website.

An Applicant paying the application monies by BPAY® must use the unique BPAY® Customer Reference Number provided.

BPAY[®] payments must be made from an Australian dollar account of an Australian financial institution. Using these BPAY[®] details, you must:

- (i) access your participating BPAY[®] financial institution either through telephone or internet banking;
- (ii) select to use BPAY® and follow the prompts;

- (iii) enter the supplied biller code and unique customer reference number;
- (iv) enter the total amount to be paid which corresponds to the value of Shares you wish to apply for under each Application;
- select which account you would like your payment to come from;
- (vi) schedule your payment to occur on the same day that you complete your online Application Form. Applications without payment will not be accepted; and
- (vii) record and retain the BPAY® receipt number and date paid.

You should be aware that your own financial institution may implement earlier cutoff times with regard to BPAY[®] or other electronic payments and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY[®] or other electronic payments are received by 5.00pm (AEST) on the Closing Date.

An Applicant paying the application monies by EFT must follow the payment instructions on the online application.

By completing an Application Form or online application, each Applicant under the Offer will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

The Company reserves the right to close the Offer early.

If you require assistance in completing an Application Form, please contact the Share Registry.

3.6.3 Applications under the Cleansing Offer

Applications for Shares under the Cleansing Offer should only be made if you are instructed to do so by the Company.

3.7 Allocation Policy

The Company retains an absolute discretion to allocate Shares under the Offer and reserves the right, in its absolute discretion, to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application Form. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable after the Closing Date.

No Applicant under the Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors will be influenced by the following factors:

(a) the number of Shares applied for;

- (b) the overall level of demand for the Offer;
- (c) the desire for spread of investors, including institutional investors; and
- (d) the desire for an informed and active market for trading Shares following completion of the Offer.

The Company will not be liable for any person not allocated Shares or not allocated the full amount applied for.

3.8 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to the Prospectus will be made within 7 days after the date of the Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of the Original Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

3.9 Issue

Subject to the Minimum Subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued to the Issuer Sponsored Subregister and confirmation of issue for Clearing House Electronic Subregister System (CHESS) holders will be mailed to Applicants being issued Shares pursuant to the Offer as soon as practicable after their issue.

3.10 Commencement of Trading

It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants trading in Shares prior to receiving a holding statement do so at their own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them, by a broker or otherwise.

Shares are expected to commence trading on ASX on a normal settlement basis in accordance with the key dates at the start of this Prospectus.

3.11 Lead Manager

The Company has appointed RM Corporate Finance Pty Ltd (**Lead Manager**) as lead manager to the Offer.

A summary of the Company's agreement with the Lead Manager, including the fees to be paid to the Lead Manager, is set out in Section 8.4.

3.12 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participates in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.13 Commissions payable

The Company reserves the right to pay a commission of up to 4% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services.

The Lead Manager will be responsible for paying all commissions that they and the Company agree with any other licensed securities dealers or Australian financial services licensees out of the fees paid by the Company to the Lead Manager under the Lead Manager Mandate.

3.14 Dividends

The Board can provide no guarantee as to the extent of future dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the Company at the relevant time.

3.15 Escrow

The Shares issued under the Offer may be subject to escrow restrictions, as detailed in Section 4.16 below.

3.16 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offers.

3.17 Withdrawal of Offer

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

3.18 Enquiries

This Prospectus is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, lawyer, accountant or other professional adviser without delay.

Questions relating to the Offer can be directed to the Lead Manager, RM Corporate Finance Pty Ltd, on +61 8 6380 9200 or nbarbarich@rmcf.com.au.

4. COMPANY AND BUSINESS OVERVIEW

4.1 The Company

AppsVillage Australia Limited (**Company**) was incorporated on 1 June 2018 for the purpose of identifying technology acquisitions showing potential for growth and development. The Company is making the Offer for the purpose of completing the Acquisition and to seek a listing on the ASX.

On or about 5 June 2019 the Company, AppsVillage and the Vendors entered into the Acquisition Agreement pursuant to which the Company will acquire all of the shares on issue in AppsVillage, and all unexercised options to purchase shares of AppsVillage shall be terminated, subject to satisfaction of certain terms and conditions. A summary of the Acquisition Agreement is set out in Section 8.1 of this Prospectus.

Upon listing, the Company will be the sole holder of all the securities in AppsVillage. AppsVillage, in turn, will continue to be the sole holder of all the securities in AppsVillage, Inc. (its existing US subsidiary).

4.2 Objectives

The Company's proposed objectives on completion of the Offer and completion of the Acquisition are to:

- (a) fund initiatives that scale and increase revenues in AppsVillage and drive the Company to profitability;
- (b) expand global sales efforts and market share of AppsVillage in its existing markets (including the USA, UK, Canada and Australia) and expanding into potential new markets such as India and other developing markets; and
- (c) provide sufficient working capital for the next two years.

The Company believes on completion of the Offer it will have sufficient funds to meet its stated objectives.

4.3 About AppsVillage

(a) Background

AppsVillage is an Israeli company incorporated on 3 September 2015.

AppsVillage has developed a proprietary, SaaS cloud-based platform that provides small-to-medium businesses with an advanced and inexpensive way to generate, launch and manage mobile applications for their businesses as a means of promoting and marketing their business.

AppsVillage is a SaaS platform that allows small-to-medium businesses, organizations, professionals, and individuals to easily and inexpensively create, launch and manage their own branded mobile app for their businesses, to enable marketing and sales for their products and services on their customers' mobile devices. The platform is intended to create a one-stop digital marketing tool for subscribers to grow their digital presence with their own mobile branded app with numerous capabilities.

The app is created via AppsVillage's website, automatically and immediately, without any coding knowledge.

AppsVillage was founded on the vision of enabling any business to increase their digital activity and presence by allowing them to create, launch and manage their own mobile app in couple of minutes, in the fraction of the development cost and without any knowledge or experience.

AppsVillage's SaaS platform is based on a subscription model of monthly or annual fees.

AppsVillage's technology has automated the app design, development, maintenance and marketing, allowing businesses to create, preview and launch their mobile apps without having to write any code and without any prior digital marketing knowledge. This simplified process for developing personalised mobile apps is intended to have a similar impact on the mobile app design business as businesses that now allow the easy creation of websites has had on the web design market around the world.

In the same as all website "do it yourself" solutions have created a revolution over the last 15 years, by offering easy, low-cost website development, AppsVillage is seeking to achieve the same in the app market. AppsVillage has simplified the app creation, managing and marketing process by providing customers with the ability to create and market their own app easily and at a fraction of the cost.

The AppsVillage SaaS platform is designed for businesses to reach their current and new customers on mobile devices by creating their own mobile app with features that can include:

- graphics to create promotions;
- push notifications;
- easy advertising capabilities;
- booking functions;
- cashback solutions;
- loyalty rewards;
- online chat; and
- online sales and coupons.

The app and its features enable those businesses to grow their digital presence and positively impact customer engagement and revenue growth.

As can be seen in from Section 3.5 above, the majority of funds to be raised under the Offer will be used to continue to enhance and develop the AppsVillage platform and to increase the marketing and promotion of the platform to increase users and ongoing revenue generation.

(b) Achievements to date

During 2016, AppsVillage developed and released the first beta version of its cloud-based SaaS platform as a Proof of Concept (**POC**).

By mid-2017, AppsVillage had released its first commercial version and by the end of that year, started testing its sales model.

Since its incorporation, AppsVillage has raised more than US\$2.7 million from private investors that has enabled AppsVillage to develop, test, and start marketing its product and increase its sales.

From the end of 2017 through to May 2019:

- (i) more than 6,500 businesses created an app using the AppsVillage platform;
- (ii) annual contractual values grew from a total of approximately A\$61,000 in March 2018 to A\$309,000 in March 2019; and
- (iii) AppsVillage expanded its business into the American, Canadian, Australian, United Kingdom, South African, Philippines and other worldwide markets.

AppsVillage has already amassed over 300 paying SMB's, with hundreds more trialling its platform. The Company plans to continue targeting new customers in Australia and internationally, following the listing on the ASX, and intends to use funds raised under the Offer to increase its activities to scale dramatically its sales and revenue.

(c) Relationship with Facebook (NASDAQ: FB)

One of the main target customers of AppsVillage are SMBs which are already digitally active on Facebook or Instagram. Helping those customers to become more active digitally, especially on mobile devices and Facebook/Instagram, is a mutual interest of AppsVillage and Facebook.

One of the strengths of AppsVillage's SaaS platform is that it allows Facebook and Instagram users to create their app in minutes by automating all the design and branding of the app. using its existing information sources from its Facebook or Instagram page.



During 2018, AppsVillage strengthened its relationship with Facebook and became an "active managed partner" of Facebook. Being an active managed partner of Facebook means that AppsVillage has a dedicated account manager that facilitates its ongoing relationship with Facebook and optimises AppsVillage's advertisements on Facebook by allowing private deep integration with the Facebook and Instagram platforms. AppsVillage has also been granted a credit line for advertisements which assists AppsVillage's cash flow. This relationship with Facebook also allows AppsVillage to:

- potentially become a Facebook Marketing Partner (FMP), which if granted, could increase AppsVillage's exposure and sales by virtue of this advanced accreditation. In order to be granted FMP-status, AppsVillage will be vetted against capability and performance standards determined by Facebook;
- access unique advertising capabilities for stronger targeting of advertisements to target potential customers of AppsVillage on Facebook;
- (iii) access advertisement optimisation support;
- (iv) access beta programs and new platform features of Facebook and Instagram;
- (v) open private application programming interfaces (**APIs**) for business affiliates, allowing deeper integration of the AppsVillage platform with Facebook capabilities; and
- (vi) join any new Facebook strategic partner program.

Presently, AppsVillage has the API permission to access the existing data source from a business's Facebook or Instagram page to assist in the creation, branding and content of the business app. This relationship with Facebook is highly valued because it gives AppsVillage a technology barrier advantage to their competitors, positioning them with increased brand awareness, business development initiatives, global credibility and more.

On 28 April 2019, AppsVillage was selected to participate in the "Facebook Start-up Growth" 4-month program. This is Facebook's first program focused on supporting consumer-oriented start-ups in their journey to build scalable businesses with user-centric approaches. As a participating start-up, AppsVillage will receive access to Facebook's network of mentors and industry experts, tools and platforms, receive Facebook advice on building product-and-revenue-driven organisations and learn from experienced Facebook executives on scaling teams globally.

The above-mentioned activity and relationship with Facebook provide AppsVillage with the ability to optimise its own customer acquisition, scale revenues and position its offering on a world-wide scale.

(d) **Relationship with Amdocs NASDAQ: DOX**

At the beginning of 2018, Amdocs Limited (NASDAQ: DOX) (Amdocs), a multinational corporation specialising in software and services for communication, media, financial services and digital enterprises, commenced several internal sales initiatives with their own customers (telecommunication carriers and yellow pages companies), evaluating AppsVillage's platform. These sales initiatives were conducted in numerous regions, including South Africa, the United States of America and South America. Following these leads, Amdocs resolved to include AppsVillage in their catalogue of offerings to their own customers. In early 2019, AppsVillage and Amdocs commenced discussions in relation to a potential partnership and channel agreement to further enhance the promotion of AppsVillage's business. These discussions continue as at the date of this Prospectus.

4.4 Industry Overview and target market

AppsVillage operates within the mobile digital marketing industry, principally targeting small-to-medium businesses. The aim of AppsVillage is to fulfil the basic needs of those businesses for a fast and significant digital presence on mobile devices, by enabling those businesses to not only reach new customers, but also to enable those businesses to enhance their offering to their customers and therefore increase loyalty and scale their business growth.

The methods for looking at the potential industry are varied, because AppsVillage does not target one specific industry sector or segment. Also, AppsVillage's potential clients could range from local businesses looking to improve their marketing and promotion within their own localised market, national businesses looking for a way to improve their visibility, or businesses with a global market looking for a method of communicating with their clients better.

Because of the varied markets in which AppsVillage's targeted small to medium businesses operate, it is difficult to summarise a specific industry. However, it is worth noting that published reports show that the current number of smartphone users in 2019 was forecast to be 2.5 billion users worldwide¹, and therefore, mobile phones as a form of marketing, promotion and communication with clients and potential clients is a significant market opportunity for a company with the technology that has been developed by AppsVillage.

As stated elsewhere, AppsVillage's target market is small-to-medium businesses, commonly referred to as **SMBs**. SMBs typically refer to organisations with less than 1,000 employees. World Bank Group studies suggest that there are between 365-445 million SMBs in emerging markets: 25-30 million are formal SMBs; 55-70 million are formal micro enterprises; and 285-345 million are informal enterprises.²

In addition, the Australian market provides the Company with an opportunity to expand the AppsVillage platform as there are more than 2 million SMBs in the Australian market.

This market is therefore ideal as a target market for the Company as it represents a large addressable market who could benefit from the ability to create or build their own marketing app and increase their digital presence to prospective customers in their own local markets.

4.4.1 Why an app over web browsing?

Some advantages of developing a mobile app over web browsing for small-tomedium businesses include:

(a) it is reported that approximately 90% of all internet time spent on mobile devices is spent using mobile apps on those devices.³

¹ <u>https://www.statista.com/statistics/269025/worldwide-mobile-app-revenue-forecast/</u>

² <u>https://www.worldbank.org/en/topic/smefinance</u>

³ <u>https://www.emarketer.com/content/mobile-time-spent-2018</u>

- (b) Market research indicates that a mobile app gets approximately
 4.2 times more product views per session than mobile web sites.⁴
- (c) Research indicates that a mobile app has a 3 times higher conversion rate compared to mobile sites.⁵

The ongoing growth of mobile usage means that, when a business considers their marketing strategies, they need to have a clear mobile presence strategy to communicate with their customers, deal with competition and keep their customers' ongoing attention.

To capitalise on the mobile interface marketing demand, the AppsVillage platform offers these businesses a range of solutions designed to connect and reach out to their customers easier and cheaper than traditional app development options.

4.4.2 Challenges of small business

AppsVillage business apps offer SMBs an affordable and simple-to-manage digital marketing tool that includes: fast and smart mobile advertisement, in-app sales, graphic templates for fast design of attractive promotions, sales and coupons, cashback, app engagement statistics and automatic platform updates. Refer to Section 4.8 below for further solutions offered by AppsVillage.

Outlined below are some of the main challenges AppsVillage's target market customers based in the United States of America face:

- 82% of small business failures are due to issues with cash flow;
- 42% of small businesses fail because there is no market for their product or service;
- 66% of small-to-medium sized owners are personally responsible for three or more of the following areas of their business: operations, finance, sales, marketing, human resources, customer service, product development or information technology.⁶

Marketing statistics available for small to medium sized businesses in March 2019 demonstrate that:

- (a) 61% of small businesses invest in social media marketing. This demonstrates that small business owners are aware of the time spent by potential customers on social media. More than half are investing in social media marketing to better reach and connect with their audience.⁷
- (b) Nearly 50% of small businesses spend \$10,000 or less on digital marketing each year. One-quarter spent between \$10,001 and \$100,000 and 13% spent upward of \$500,000.

⁴ <u>https://jmango360.com/wiki-pages-trends/mobile-app-vs-mobile-website-statistics/</u>

⁵ <u>https://jmango360.com/wiki-pages-trends/mobile-app-vs-mobile-website-statistics/</u>

⁶ <u>https://www.salesforce.com/blog/2018/05/stats-small-businesses.html</u>

⁷ <u>https://fitsmallbusiness.com/small-business-statistics/</u>

With over 90 million Facebook business pages⁸, the Facebook advertisement market for small to medium businesses is significant, and only one of the markets AppsVillage operates in.

The outcome of these statistics is that there is a ready market for AppsVillage's product, capable of enhancing SMB's engagement with their existing and new customers.

4.5 How does AppsVillage work?

AppsVillage allows small-to-medium businesses, organisations, professionals, and individuals, to easily and inexpensively create, launch and manage their own branded mobile apps for their businesses, to enable marketing and sales for their products and services on their customers' mobile devices. The platform is intended to create a one-stop digital marketing tool for subscribers to grow their digital presence with their own mobile branded app with numerous capabilities.

The app is created via AppsVillage's website, automatically and immediately, without any coding knowledge.



Promotional advertisement showing how the AppsVillage platform works

⁸ https://www.facebook.com/business/news/giving-small-businesses-the-tools-to-succeed-on-facebook

AppsVillage's platform features include:

- (a) Built-in features ready to use including, but not limited to, push notifications, sales and payment, personalised marketing, coupons, design of new promotions, chat, cashback, quick and simple advertisement on Facebook and a booking system.
- (b) The platform uses the customer's current brand materials from various web channels, such as Facebook and Instagram and other sources, through smart algorithms, to design, develop and launch a personalised branded business app.
- (c) Compatibility with both iOS and Android operating systems.
- (d) Sales and full payment capabilities.
- (e) The ability to chat directly with the users to potentially enhance sales and provide user support.
- (f) Automatic updating to sync with IOS and Android updates.
- (g) A booking feature that enables users to schedule appointments.
- (h) Various statistics, including performance, sales, views, and other usage data.
- (i) A function to easily and quickly advertise without any digital marketing knowledge or any new onboarding.

Once the app is created, the business is able to manage and update information on its app through the AppsVillage platform on a subscription service.

With the funds raised from the Offer, the Company will seek to grow its revenues and expand its platform capability to enable more flexibility and integration of advanced features and other technologies, increasing customers' sales and engagement.

4.6 Revenue and Business Model

AppsVillage currently generates revenue primarily from:

- (a) monthly and annual subscription fees paid by customers for use of the AppsVillage platform to manage and maintain their own mobile app;
- (b) commission received on each sale of premium app features made through the AppsVillage platform; and
- (c) commission received on customers' advertising on selected social media platforms.

To date, AppsVillage has enlisted more than 6,500 paying small-to-medium businesses as customers.

Following completion of the Offer, the Company intends to use utilise the funds raised to increase marketing and promotional activities to increase the user-base and retain existing customers by:

- (a) targeting potential customers through digital advertisement channels such as Facebook, Google and YouTube;
- (b) expanding AppsVillage's offering into the Chinese and Indian markets;
- (c) continuing to promoting its affiliate program established in 2018, which allows marketing agencies to distribute the AppsVillage platform; and
- (d) creating strategic partnerships with other software and SaaS companies to leverage new customer bases.

4.7 Key dependencies

In achieving the Company's revenue goals, the Company and AppsVillage have identified some key dependencies of the business model, including:

- (a) customers' willingness to adopt the technology and pay for the products and services AppsVillage provides;
- (b) reliance on business partners and third-party platforms to enable AppsVillage to continue to utilise their data in creating apps;
- (c) AppsVillage's arrangement with Facebook, which grants AppsVillage access to proprietary and private application programming interface (API); and
- (d) being able to increase customer numbers using the AppsVillage platform, in order to achieve economies of scale and to generate positive cashflow.

Following Completion, the Company believes it can address these dependencies as it builds the AppsVillage business as described in this Section.

4.8 Competitive Analysis

Set out below is a short-form analysis of AppsVillage's offering compared to other market competitors.

AppsVillage's point of difference is that its SaaS platform allows small-to-medium businesses to set up their own branded marketing app within minutes, while providing engagement with current and new clients for a fraction of the cost and complexity compared to current alternatives in the market. Other competitors (examples of which are set out below) require either inhouse or outsourced technical knowledge and marketing expertise, which can require substantial capital and time.

Moreover, AppsVillage targets small-to-medium businesses directly, while its competitors typically target junior developers due to their technology complexities.

	Min Price (monthly)	Development Time	Mobile/Desktop Support
AppsVillage	US\$19.99	Minutes	Mobile & Desktop
Goodbarber	US\$32.00	Hours / Days	Desktop
Siberian	US\$90.00	Days	Desktop

	Min Price (monthly)	Development Time	Mobile/Desktop Support
Swiftic	US\$64.00	Days	Desktop
Bizness Apps	US\$99.00	Weeks	Desktop
AppInstitute	US\$42.00	Days/Weeks	Desktop
AppYourself	US\$26.00	Days/Weeks	Desktop
AppyPie	US\$25.00	Hours / Days	Desktop
Mobile Roadie	US\$149.00	Days / Weeks	Desktop
AppMakr	US\$130.00	Weeks	Desktop

Table 1: Comparison of AppsVillage platform against immediate competitors

4.9 Intellectual Property

On 6 March 2019, AppsVillage filed a trademark application (No. 314503) with the Israeli Patent and Trademark Office to protect the mark "APPSVILLAGE" in class #09 (computer software). The Company is considering expansion of the trademark protection to other territories, including Australia and the US.

4.10 Directors and Management

4.10.1 Directors

The Directors of the Company upon Admission will be as follows:

Yoav Ziv

Chairman and Non-Executive Director

Yoav Ziv is senior vice president and the General Manager of AT&T consumer, media and advertising for Amdocs Limited (Amdocs), a leading software and services provider to communications and media companies. Yoav resides in New York City. From 2015 to 2017, Yoav was the global head of the quality engineering services business unit within Amdocs. From 2013 to 2015, Yoav was the customer business executive responsible for the Amdocs business at a tier 1 pay T provider in New York.

From 2010 to 2013, Yoav was VP of marketing and strategic services at Realization, a Silicon Valley technology and consulting firm specialising in project management technologies and practices. Prior to 2010, Yoav filled numerous roles in Amdocs in development, product management, sales, presales and operations management.

Yoav holds an MBA from Ben Gurion University, Israel, and is a Computer Science and Economics graduate from Tel Aviv University, Israel.

The Board considers that Mr Ziv is an independent Director.

Max Bluvband

Executive Director and Chief Executive Officer

Max Bluvband is the Chief Executive Officer and co-founder of AppsVillage. Max is an entrepreneur with more than 18 years of experience and has founded multiple technology and mobile-focused companies. In these companies, Max
has led fundraising rounds from angel investors and top-tier venture capitalists, such as Sequoia Capital, totalling more than US\$15 million (approximately A\$20.2 million) in funding. Max has also led merger and acquisition activity, sales and other strategic initiatives in his companies.

Prior to co-founding AppsVillage, Max founded and served as the Chief Executive Officer of Silent Communication Ltd., a company that provides device and network agnostic mobile client solutions. He led all activities with Silent Communication Ltd., including multi-million dollar transactions with customers such as T-Mobile US (NASDAQ:TMUS), Sony (TYO:6758), Metro PCS, Alltel, Alcatel Lucent (Euronext: ALU), France Telecom (Euronext: ORA), A1, Ericsson (NASDAQ:ERIC), Sony Ericsson, Telecom Italia (BIT: TIT), MTS (MCX: MTSS) and Safaricom, among others.

Max earned his Bachelor of Science in Computer Science from Netanya Academic College. Max has previously served in the Israel Defence Forces, ending his service as a Captain.

The Board considers that Mr Bluvband is not an independent Director.

Leanne Graham

Non-Executive Director

With over 30 years in the software sector, Leanne Graham has assisted technology companies with her broad experience, including SaaS expertise. Leanne is one of New Zealand's few female information technology entrepreneurs and a past Chief Executive Officer of GeoOp Limited (NZX: GEO) where she served between February 2013 and January 2015.

Leanne is currently the Chair of VerifyUnion Ltd (New Zealand) and VPC Limited (ASX: VPC), and she sits on the Board of Directors of BidEnergy Limited (ASX: BID) and archTIS Limited (ASX: AR9). Leanne is an Advisory Board Member of Anfix Software S.L. and Nibo Softwares e Cursos SA (Brazil).

Leanne previously co-founded Enprise Software Group Limited, where she served as Group Sales & Marketing Director and global Business General Manager. She was also the Global Head of Sales and New Zealand Country Manager for Xero Limited, designing and executing the company's global sales and channel strategy.

In 2018, Leanne was awarded the New Zealand Order of Merit for her services to the software industry.

The Board considers that Ms Graham is an independent Director.

Jonathan Hart

Independent Non-Executive Director and Company Secretary

Jonathan is currently a director of Emerge Gaming Limited (ASX:EM1) and compliance officer for Mayur Resources Limited (ASX:MRL). He holds a Bachelor of Laws and Commerce and has provided corporate advisory services and held several board positions on various ASX listed companies over the years. His experience includes initial public offerings on ASX (AIM and JSE), reverse takeovers, due diligence investigations, general corporate and commercial drafting, public and private mergers and acquisitions, general corporate advice in relation to capital raisings, Corporations Act and ASX compliance.

The Board considers that Mr Hart is an independent Director.

4.10.2 Management team

In addition to the Board, AppsVillage already has a strong and skilled management team that will continue working with the Company following Admission.

Shahar Hajdu

Chief Technology Officer

Shahar Hajdu leads the research and development of AppsVillage's SaaS platform.

Over the last 26 years, Shahar has gained extensive experience in software development, in industries ranging from communications to multimedia. Prior to co-founding AppsVillage, Shahar co-founded and served as the Chief Technology Officer of Silent Communication Ltd., a company that provides device and network agnostic mobile client solutions, working with mobile network operators, device manufacturers, and value-added service providers to rapidly expand deployment and revenue opportunities for mobile applications and services. There, Shahar lead the technology vision across Silent Communication Ltd's product line and worked with top-tier customer companies including T-Mobile US (NASDAQ: TMUS), Sony (TYO: 6758), MetroPCS, Alltel, Alcatel Lucent (Euronext: ALU), France Telecom (Euronext: ORA), A1, Ericsson (NASDAQ: ERIC), Sony Ericsson, Telecom Italia (BIT: TIT), MTS (MCX: MTSS) and Safaricom among others.

Shahar was also a senior software developer and senior engineer at Elbit Systems Ltd. (TLV: ESLT), an international high technology company engaged in a wide range of defence, homeland security, and commercial programs.

Shahar served as a captain in the elite technology unit MAMRAM (Center of Computing and Information Systems) of the Israel Defence Forces. Shahar earned his Bachelor of Science in Computer Science *cum laude* from The Technion – Israel Institute of Technology.

Moshe Cohen

Vice President of Business Development

With more than 25 years of business experience, Moshe Cohen is an entrepreneur and angel investor with high-level managerial experience in product and business development for the web, mobile, media and consumer electronics industries. Moshe is a listed inventor of more than 30 issued patents.

Moshe is a Practical Engineer and founder of SweetIM, an Israeli consumer internet company (acquired by Perion Networks Ltd (NASDAQ: PERI)), as well as the founder of Creater Ltd. (acquired by Hasbro Inc. (NASDAQ: HAS)), Vitalacy Inc. (Internet of Things solution provider in healthcare), Beepcard Ltd. (acquired by Dialware Inc.) and Jade Ltd. (a business development services company). Moshe also played a role in the listing of Elsight Limited (ASX: ELS) in 2017.

Gidi Krupnik

Chief Financial Officer

With more than 25 years of experience, Gidi Krupnik has extensive knowledge of international finance and business operations. Prior to joining AppsVillage, he was the Chief Financial Officer at companies such as Escapex Holding Corporation, Massibeimpact Ltd. (acquired by General Mobile Corporation Ltd.), Amadesa Ltd. (acquired by LivePerson, NYSE: LPSN) and Itemfield Inc. (acquired by

Informatica LLC, NASDAQ: INFA). In addition, Gidi was a Senior Auditor at KPMG, where he audited high-tech companies and financial institutions. He holds a Bachelor of Arts in Economics, majoring in accounting from Ben-Gurion University, and Master of Business Administration from Bar-Ilan University.

4.10.3 Advisory Board

In addition to the Board, the Company intends to seek out suitably qualified and/or experienced persons around the world who have the time and capability to serve in an advisory capacity to the Company in the development and promotion of the Company's business and technology. As suitable people are identified, it is expected that the Company will offer them some form of remuneration for their service and participation as an advisor, possibly in the form of equity or securities convertible into equity. Any advisors or advisory board will be separate to the Company's Board of Directors, and their input will be limited to the development of the Company's business and strategy; the advisory board would have no participation in the corporate decision making of the Company or ability to bind the Company.

4.11 Disclosure of Interests

Interests in Securities

Directors are not required under the Company's constitution to hold any Shares to be eligible to act as a director. None of the existing Directors currently hold any Securities in the Company.

At the time of Admission, the Directors will have the following relevant interests in the securities of the Company:

Director	Shares ¹	Options	Performance Options⁴
Yoav Ziv	Nil	250,000 ²	Nil
Max Bluvband ⁴	3,092,506	1,108,457 ³	9,187,500
Leanne Graham	Nil	250,000 ²	Nil
Jonathan Hart	Nil	250,000 ²	Nil

Notes:

- 1. The rights attaching to the Shares are set out in Section 9.2.
- 2. The terms of the Director Options are set out in Section 9.6.
- 3. The terms of the Options are set out in Section 9.3.
- 4. The terms of the Performance Options are set out in Section 9.4.
- 5. These Shares and Options will be issued to Mr Bluvband as a Vendor under the Acquisition Agreement.

<u>Remuneration</u>

None of the existing Directors of the Company have received any remuneration in their roles as Directors of the Company prior to the date of this Prospectus.

The remuneration of the Directors for the current financial year after Quotation are as set out below:

Director	Proposed remuneration for current financial year
Yoav Ziv	\$60,000
Max Bluvband	\$180,000 ¹
Leanne Graham	\$60,000
Jonathan Hart	\$60,000

Note:

1. This amount is based on Mr Bluvband's salary of NIS 37,800 (approximately A\$15,000) per month under his employment agreement with AppsVillage. Refer to Section 4.13 below for a summary of the terms of Mr Bluvband's employment agreement. Mr Bluvband will not receive any additional Director's fees. The Company notes that Mr Bluvband's wife has been employed since July 2016 by AppsVillage as the Director of Social Media and office General Manager and is paid a salary representing the commercial rate for such a role in Israel. This amount is not included in Mr Bluvband's remuneration.

The Company's constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The maximum aggregate remuneration payable to the Directors (excluding salaries to executive directors) will be \$500,000 per annum, post quotation, although may be varied by an ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

Agreements with Directors and Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

4.12 Director and Related Party Agreements

The Company currently has non-executive director agreements in place with Yoav Ziv, Leanne Graham and Jonathan Hart. AppsVillage has entered into an employment agreement with Max Bluvband. The key terms of these agreements are summarised below.

(a) Employment Agreement with AppsVillage – Max Bluvband

AppsVillage entered into an employment agreement with Max Bluvband in June 2019 pursuant to which Mr Bluvband was appointed as Chief Executive Officer of AppsVillage (**Employment Agreement**).

(i) Term

Mr Bluvband's service commenced on 1 July 2016 and continues in full force and effect until terminated in accordance with the Employment Agreement.

(ii) Salary

Mr Bluvband is paid a gross monthly salary of NIS 37,800 (approximately A\$15,000 based on prevailing exchange rates) per month pursuant to the Employment Agreement.

(iii) Events of termination

The Employment Agreement is terminable by either party by 90 days' prior written notice but may be terminated immediately by AppsVillage where Mr Bluvband commits a material breach of the agreement, including continued no-performance of his duties under the Employment Agreement.

The Employment Agreement is prepared in accordance with, and is subject to, the laws of Israel and contains terms and conditions which are considered standard for an agreement of its nature, including those in relation to confidentiality, noncompetition and non-solicitation, confirmation of proprietary rights and other standard clauses.

(b) Non-Executive Director letters of appointment – Yoav Ziv, Leanne graham and Jonathan Hart

The Company has entered into director appointment letters with each of Yoav Ziv (Non-Executive Chairman), Leanne Graham (Non-Executive Director) and Jonathan Hart (Non-Executive Director).

(i) Term

Mr Ziv's service commenced on 23 May 2019, Ms Graham's service commenced on 19 May 2019 and Mr Hart's service commenced on 14 May 2019, and will cease when he or she resigns, retires or is removed from office in accordance with the Company's Constitution or the Corporations Act.

(ii) Fee

Each Director will be paid a fee of \$60,000 per annum for their role. Any fees paid to each Director will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse each Director for all reasonable expenses incurred in performing his duties.

In addition, Hagit Bluvband, Max Bluvband's wife, is employed by AppsVillage in the position of Director of Social Media and Office General Manager. Mrs Bluvband has been employed by AppsVillage since 1 July 2016.

4.13 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

4.14 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares¹

	Minimum Subscription	Maximum Subscription
Shares currently on issue as at the date of this Prospectus	6,875,001	6,875,001
Shares to be issued upon Completion of the Acquisition Agreement	19,950,686	19,950,686
Shares issued pursuant to the Offer	25,000,000	30,000,000
Shares to be issued on conversion of converting loans in AppsVillage ²	10,910,905	10,910,905
Shares to be issued on conversion of converting loans in the Company ³	3,923,198	3,923,198
Shares to be issued under the Cleansing Offer	1,000	1,000
Total Shares on issue after completion of the Offer	66,660,790	71,660,790

Notes

- 1. The rights attaching to the Shares are summarised in Section 9.2.
- 2. In late 2017/early 2018, AppsVillage entered into a series of converting loan agreements to provide funding for the development of its business and its platform. As part of the agreement to acquire AppsVillage, the Company has agreed to issue 10,910,905 Shares to the holders of those converting loans as repayment of those loans. This will have the effect of extinguishing those loans removing them as a debt payable by AppsVillage.
- 3. The Company has raised \$549,248 in funds via the entry into Convertible Loan Agreements with various investors. The loan funds will convert into Shares at a price of \$0.14 per Share immediately following receipt by the Company of conditional approval from ASX to admit the securities of the Company to trading on ASX (and those conditions being to the reasonable satisfaction of the Company). Key terms of these Convertible Loan Agreements are set out in Section 8.3.

Options

	Minimum Subscription or Maximum Subscription
Options on issue as at the date of this Prospectus ¹	750,000
Options offered pursuant to the Offer	Nil
Options to be issued upon Completion of the Acquisition Agreement ²	3,049,314
Options to be issued to Lead Manager ³	5,000,000
Total Options on issue after completion of the Offer	8,799,314

Notes

- 1. Director Options issued to Leanne Graham, Jonathan Hart and Yoav Ziv on the terms and conditions set out in Section 9.6.
- 2. Options exercisable at NIS 0.01 (approximately A\$0.0039 based on prevailing exchange rates) each and expire on or before the date which is five (5) years from the initial date of quotation of the Company's Shares on the Official List. The full terms and conditions of the Options are set out in Section 9.3.
- 3. Options exercisable at A\$0.30 each and expire on or before the date which is three years from the date of issue, escrowed for a period of two (2) years from quotation. The full terms and conditions of the Options are set out in Section 9.3.

Performance Options

	Minimum Subscription or Maximum Subscription
Performance Options on issue as at the date of this Prospectus	Nil
Performance Options to be issued upon Completion of the Acquisition ¹	26,250,000
Total Performance Options on issue after completion of the Offer	26,250,000

Notes

- 1. Comprising:
 - (a) 9,187,500 Performance Options to Max Bluvband, a Director of the Company, to be issued in the following tranches (with full acceleration in the event that Mr Bluvband's employment with AppsVillage is terminated not for cause):
 - (i) Tranche A consists of 3,062,500 Performance Options;
 - (ii) Tranche B consists of 3,062,500 Performance Options; and
 - (iii) Tranche C consists of 3,062,500 Performance Options;
 - (b) 9,187,500 Performance Options to Shahar Hajdu, to be issued in the following tranches (with full acceleration in the event that Mr Hajdu's employment with AppsVillage is terminated not for cause):
 - (i) Tranche A consists of 3,062,500 Performance Options;
 - (ii) Tranche B consists of 3,062,500 Performance Options; and
 - (iii) Tranche C consists of 3,062,500 Performance Options;

- (c) 2,625,000 Performance Options to Moshe Cohen, to be issued in the following tranches:
 - (i) Tranche A consists of 875,000 Performance Options;
 - (ii) Tranche B consists of 875,000 Performance Options; and
 - (iii) Tranche C consists of 875,000 Performance Options;
- (d) 2,625,000 Performance Options to Dan Gotlieb, Internet and Performance Marketing Consultant to AppsVillage, to be issued in the following tranches:
 - (i) Tranche A consists of 875,000 Performance Options;
 - (ii) Tranche B consists of 875,000 Performance Options; and
 - (iii) Tranche C consists of 875,000 Performance Options;
- (e) 2,625,000 Performance Options to Tamir Kremener, Internet and Performance Marketing Consultant to AppsVillage, to be issued in the following tranches:
 - (i) Tranche A consists of 875,000 Performance Options;
 - (ii) Tranche B consists of 875,000 Performance Options; and
 - (iii) Tranche C consists of 875,000 Performance Options.

The full terms and conditions of the Performance Options are set out in Section 9.4.

Warrants

	Minimum Subscription or Maximum Subscription
Warrants on issue as at the date of this Prospectus	Nil
Warrants offered pursuant to the Offer	Nil
Warrants to be issued to certain past shareholders of the Israeli subsidiary ¹	2,000,000
Total Warrants on issue after completion of the Offer	2,000,000

Notes:

1. Warrants exercisable at A\$0.30 each and expire on or before the date which is two and a half years from the date of issue. The full terms and conditions of the Warrants are set out in Section 9.5.

4.15 Restricted Securities

Subject to the Company being admitted to the Official List, certain Securities on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. No Shares or Options issued under the Offer will be subject to escrow under the ASX Listing Rules.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.

4.16 Dividend Policy

The Board anticipates that significant expenditure will be incurred in the development of the business. These activities are expected to dominate at least, the first two-year periods following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

4.17 Substantial Shareholders

Those Shareholders (and their associates) holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (on an undiluted basis) are set out in the respective tables below.

As at the date of the Prospectus

Shareholder	Shares	Options	Performance Options	% (undiluted)
Moshe Cohen	1,687,000	Nil	Nil	24.55%
GNat Pty Ltd <g &="" n<br="">Investment A/C></g>	2,750,001	Nil	Nil	40.00%
Yulia Uvarova as trustee for TechInvest Nominees Pty Ltd	1,125,000	Nil	Nil	16.36%
Sabre Power Systems Pty Ltd	650,000	Nil	Nil	9.45%
Lamma Nominees Pty Ltd	562,500	Nil	Nil	8.18%

On completion of the Offer with Minimum Subscription (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer):

Shareholder	Shares	Options ¹	Performance Options ²	% (undiluted)
Moshe Cohen	4,980,336	300,000	2,625,000	7.52%

Notes:

- 1. These Options are exercisable at NIS 0.01 (approximately A\$0.0039 based on prevailing exchange rates) each and expire on or before the date which is five years from the initial date of quotation of the Company's Shares on the Official List.
- 2. These Performance Options are exercisable at \$0.20 each and expire on or before that date which is three (3) years after the date the Company is admitted to the Official List.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

5. RISK FACTORS

5.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and in the Investment Overview, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company and its business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section and in the Investment Overview, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Company specific

(a) Acquisition risk

Pursuant to the Acquisition Agreement, Completion is subject to the fulfilment of certain conditions precedent as summarised in Section 8.1. There is a risk that the conditions precedent may not be satisfied or waived. If any party defaults in the performance of their obligations under the Acquisition Agreement, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly. Where the Acquisition is not capable of being completed, no Shares under the Offer will be issued and the Offer will not proceed.

(b) Technology Risk

AppsVillage's market involves rapidly evolving products and technological change. The Company cannot guarantee that it will be able to engage in research and development at the requisite levels. The Company cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new products in a timely or cost-effective manner. At the same time, products, services and technologies developed by others may render AppsVillage's products and services obsolete or noncompetitive.

(C) Development Risk

AppsVillage's products and services are the subject of continuous development and need to be substantially developed further in order to gain and maintain competitive and technological advantage, and to improve the products' and services' usability, scalability and accuracy. There are no guarantees that the Company will be able to undertake such development successfully. Failure to successfully undertake such research and development costs or timeframes accurately will adversely affect the Company's results and viability.

(d) Early Stage Business and Limited History

The Company's business operations are at an early stage, and the commercialisation of AppsVillage's products has not yet been proven at any scale. The Company's success will depend on the Company's ability to implement its business plan, the ability to commercialise AppsVillage's products and the ability of the Company to successfully implement its research and development plans. AppsVillage has historically had no or very low levels of revenues due to the early nature of its business. There can be no guarantee that the Company can or will be able to commercialise AppsVillage's products.

In addition, the Company was only recently incorporated and has limited operating history and limited historical financial performance. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer.

(e) Loss of relationship with Facebook

AppsVillage has benefitted from the development of its relationship with Facebook and its platform utilises information published on Facebook by customers to assist in the creation of their mobile application. An inability or loss of relationship with Facebook could have the potential to hinder or restrict the development of the AppsVillage platform and customer growth, which could reasonably be expected to impact revenues and any future profitability of the Company.

AppsVillage mitigates this risk by sourcing information from other online sources as well, and continuing to develop its platform to reduce the potential for any such loss of relationship to negatively impact on the Company.

(f) Competition

The market in which AppsVillage operates includes large and well-funded technology companies whose resources exceed those currently available to the Company. In recent years, these competitors have strategically focused resources on the application market and have established extensive experience in developing and marketing applications. There can be no assurance that the Company will be able to match or compete with the efforts of such competitors that release competing products to market.

Rival product offerings by existing and new competitors as well as technology developments by competitors may have an adverse effect on the Company's business operations, financial performance and prospects as well as on the value and market price of the Company's shares. This risk may influence the Company's customer acquisition cost and customer lifetime value.

(g) Intellectual Property Rights

A substantial part of the Company's commercial success will depend on its ability to establish and protect AppsVillage's intellectual property to maintain trade secret protection and operate without infringing the proprietary rights of third parties. The underlying technology on which AppsVillage's platform technology is built cannot be patented. The Company will rely on the unique technology it has developed and 'first to market' advantage gained by AppsVillage being the developer of unique technology and the business model.

Further, the commercial value of the Company's intellectual property assets is dependent on the availability, scope and effectiveness of any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

Additionally, securing rights to (or developing) technologies complementing AppsVillage's existing intellectual property will also play an important part in the commercial success of the Company. There is no guarantee that such rights can be secured, or that such technologies can be developed.

(h) Data loss, theft or corruption

AppsVillage stores data in its own systems and networks and also with a variety of third party service providers. Corruption, theft or loss of the data as a result of misuse, exploitation or hacking of any of these systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on the Company's business, financial condition and results. Further, if AppsVillage's systems, networks or technology are subject to any type of 'cyber' crime, its technology may be perceived as unsecure, which may lead to a decrease in the number of customers.

(i) Reliance on Key Personnel

The Company depends on the expertise, experience and efforts of its executive officers and other key employees. A failure to attract and retain executive, business development, technical and other key personnel could reduce the Company's revenues and operational effectiveness. There is a continuing demand for relevant qualified personnel, and the Company believes that its future growth and success will depend upon its ability to attract, train and retain such personnel. Competition for personnel in the Company's industry is intense, and there is a limited number of persons with knowledge of, and experience in, this industry. An inability to attract or maintain a sufficient number of requisite personnel could have a material adverse effect on the Company's performance or on the Company's ability to capitalise on market opportunities.

(j) Strategies

The strategy discussed in this Prospectus may evolve over time due to, among other things, market developments and trends, technical challenges, the emergence of new or enhanced technology, changing regulation and/or industry practice, and otherwise in the Company's sole discretion. Such a change might also be required due to ever changing nature of the Company's industry. As a result, the strategy, approaches, markets and products described in this Prospectus may not reflect the strategies, approaches, markets and products relevant to, or pursued by, the Company at a later date.

Further, a change in strategy may involve material and as yet unanticipated risks, as well as a high degree of risk, including a higher degree of risk than the Company's strategy in place as of the date hereof.

(k) Foreign exchange

The Company will be operating in a variety of jurisdictions and as such, expects to generate revenue and incur costs and expenses in more than one currency. Consequently, fluctuations in currency exchange rates may adversely or beneficially affect the Company's results or operations and cash flows. Any depreciation of currencies in foreign jurisdictions in which the Company operates may result in lower than anticipated revenue, profit and earnings of the Company.

(I) Associated risk with managing rapid growth

AppsVillage is targeting rapid sales growth, which may bring challenges in recruiting enough qualified employees to manage growth and maintain the desired quality of service and support.

(m) Israeli subsidiary company

The Company will be the parent company of AppsVillage, which is incorporated and based in Israel. Accordingly, political, economic and military conditions in Israel and its surrounding region may directly affect the Company's business. Hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners, or the mandatory military service obligations of Israeli citizens (including the Company's Israeli-based directors and key management personnel) could materially and adversely affect the Company's business.

(n) Conducting business outside of Australia

As noted above, AppsVillage has all of its operations in Israel. For operational reasons the Company may also establish operations in other jurisdictions.

Wherever the Company sets up operations, the Company is exposed to a range of multi-jurisdictional risks such as risks relating to currency exchange rates, labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which the Company operates. Businesses that operate across multiple jurisdictions face additional complexities from the unique business requirements in each jurisdiction.

Management experience will help to mitigate, but will not remove, this risk.

(0) Exchange rate fluctuations

The Company is exposed to exchange rate fluctuations because many of its costs and expenses will be in the United States and in Israel. The revenue Company might earn in the future from its operations and service sales may not always be paid to the Company in US dollars. Accordingly, fluctuations in exchange rates may have an impact on the Company's financial position and performance.

5.3 Industry specific

(a) User experience risk

The Company's business model is based on recurring revenue arising from customers. A poor user experience may not necessarily be anticipated and may affect growth of customer numbers and repeat purchases or ongoing contracts with the Company for use of its software services. Factors which may contribute to poor customer experience include:

- (i) ease of setting up and commencing use of the products offered;
- (ii) simplicity and reliability of customer usage; and
- (iii) quality of services provided.

Poor user experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of the Company's products. If any of these occur, it may adversely impact the Company's revenues.

(b) Scalability

Scalability is the key to any company that is looking at a potential global market. While the Company believes that the AppsVillage platform, other products, software and its service architecture have been built for scalability, there are no guarantees that its products will be able to meet future demand and requirements of consumers.

(c) Information technology risk

With any technical project there are risks with the chosen technology, vendors and employees and in execution. Whilst AppsVillage has employed and engaged subject-matter experts, employs experienced persons, standard security technologies and approaches there are risks that delivery will fail to meet expectations or deadlines, that technologies become obsolete, natural disasters occur, the Company or AppsVillage is the subject of a fraud or malicious attack or platforms are compromised resulting in a negative impact on the Company's performance.

(d) Reliance on third party providers

The Company intends to develop the AppsVillage platform so that it can operate at a commercial level with a number of operating systems. While the Company will therefore depend on AppsVillage's products being able to operate on a range of systems, platforms and devices, it is unable to control third party developers of such systems. Any changes to external platforms, systems or devices that give preference to competing products or adversely impact on the functionality of AppsVillage's products may render consumers less likely to use AppsVillage's products, which may have a detrimental impact on the Company's financial performance.

AppsVillage's products are predicated on consumers being able to access the internet and cellular networks. If third party providers raise the cost of these networks or restrict the ability of consumers to access these networks via the Company's products, this is likely to detrimentally affect the Company's financial performance.

(e) Brand risks

AppsVillage has established its brand as well as the trademark as set out in Section 4.10. The Company believes that to have global branding is critical for the long-term success of its business. Negative commentary or a complaint via social media, media in general and or word of mouth may have a damaging impact on the ability of the Company to reach its potential and may not necessarily be based on accurate data or real experience.

Furthermore, claims by third parties of rights to the Company's trading names may cause the Company to incur costs or be required to pay damages or lose rights to their use. This may adversely impact on the operating results and potential of the Company.

(f) Infringement of third-party intellectual property rights

If a third party accuses the Company or AppsVillage of infringing its intellectual property rights or if a third party commences litigation against the Company or AppsVillage for the infringement of trademarks or other intellectual property rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, intellectual property litigation is expensive. Costs that the Company incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.

In addition, parties making claims against the Company or AppsVillage may be able to obtain injunctive or other equitable relief that could prevent AppsVillage from further using its branding, trademarks or commercialising its products. In the event of a successful claim of infringement against the Company or AppsVillage, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defence of any lawsuit or failure to obtain any of these licenses could prevent AppsVillage from commercialising available products and could cause it to incur substantial expenditure.

(g) Future capital requirements

There is no certainty regarding the ability of the Company to raise sufficient funds to meet its needs into the future. The Company's future capital requirements depend on a number of factors including the Company's ability to generate income from its operations. The Company may need to raise additional capital from equity or debt sources due to unforeseen circumstances. There can be no assurance that the Company will be able to raise such capital on favorable terms or at all. If adequate funds are not available on acceptable terms the Company may not be able to develop its business and this may have an adverse impact on the Company's operations.

(h) **Regulatory compliance**

The Company is required to comply with laws, including the laws governing privacy, taxation and consumer trade practices in each jurisdiction in which it operates. The Company may be subject to other laws in jurisdictions in which it plans to operate, and the applicable laws may change from time to time.

AppsVillage collects and utilises personal and other information from and about its customers as they interact with the app. Various laws and regulations govern the collection, use, retention, sharing, and security of the data we receive from and about our customers. Privacy groups and government bodies have increasingly scrutinised the ways in which companies link personal identities and data associated with particular users or devices with data collected through the internet. Alleged violations of laws and regulations relating to privacy and data security, and any relevant claims, may expose us to potential liability and may require the Company to expend significant resources in responding to and defending such allegations and claims. Claims or allegations that the Company has violated laws and regulations relating to privacy and data security could in the future result in negative publicity and a loss of confidence in the Company by users of the app and business partners. Such claims or allegations may subject the Company to fines, by data protection authorities and credit card companies, and could result in the loss of AppsVIIIage's ability to accept credit and debit card payments.

Existing privacy-related laws and regulations in the United States and other countries are evolving and are subject to potentially differing interpretations, and various U.S. federal and state or other international legislative and regulatory bodies may expand or enact laws regarding privacy and data security-related matters. The European Union General Data Protection Regulation (GDPR) which came into effect on 25 May 2018, implemented more stringent operational requirements for processors and controllers of personal data, including, expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements, and higher standards for data controllers to demonstrate that they have obtained valid consent or have another legal basis in place to justify their data processing activities. The GDPR provides that European Union member states may make their own additional laws and regulations in relation to certain data processing activities, which could limit AppsVillage's ability to use and share personal data or could require localised changes to AppsVillage's operating model. Under the GDPR, fines of up to €20 million or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, may be assessed for non-compliance. These new laws also could cause the Company's costs to increase and result in further administrative costs to providing AppsVIIIage's services.

The Company may find it necessary or desirable to join self-regulatory bodies or other privacy-related organisations that require compliance with their rules pertaining to privacy and data security. The Company may be bound by contractual obligations that limit its ability to collect, use, disclose, share, and leverage user data and to derive economic value from it. New laws, amendments to, or reinterpretations of existing laws, rules of self-regulatory bodies, industry standards, and contractual obligations, as well as changes in users' expectations and demands regarding privacy and data security, may limit the Company's ability to collect, use, and disclose, and to leverage and derive economic value from user data. Restrictions on the Company's ability to collect, access and harness customer data, or to use or disclose customer data or any profiles that we develop using such data, may require the Company to expend significant resources to adapt to these changes.

Any failure or perceived failure by the Company to comply with privacy or security laws, policies, legal obligations, industry standards, or any security incident that results in the unauthorised release or transfer of personal data may result in governmental enforcement actions and investigations, including fines and penalties, enforcement orders requiring the Company to cease processing or operate in a certain way. Litigation and/or adverse publicity, by consumer advocacy groups, could cause customers to lose trust in the Company, which could have an adverse effect on the Company's reputation and business. If the third parties the Company works with violate applicable laws or contractual obligations or suffer a security breach, such violations may place the Company in breach of its obligations under privacy laws and regulations and/or could in turn have a material adverse effect on the AppsVillage business.

Increased regulation of data capture, analysis, utilisation and distribution practices, including self-regulation and industry standards, could increase the Company's cost of operation, limit the Company's ability to grow its operations, or otherwise adversely affect the Company's business, operating results, and financial condition.

(i) Insurance

The Company and AppsVillage seek to maintain appropriate policies of insurance consistent with those customarily carried by organisations in their industry sector. Any increase in the cost of the insurance policies of the Company, AppsVillage or the industry in which they operate could adversely affect the Company's business, financial condition and operational results. The Company's insurance coverage may also be inadequate to cover losses it sustains. Uninsured loss or a loss in excess of the Company's insured limits could adversely affect the Company's business, financial condition and operational results.

(j) Contractual disputes

The Company's business model is dependent in part on contractual agreements with third parties that have an interaction with the Company's target market. The Company is aware that there are associated risks when dealing with third parties including but not limited to insolvency, fraud and management failure. Should a third party contract fail, there is the potential for negative financial and brand damage for the Company.

(k) Credit risks

The Company will be exposed to credit risks relating to delayed or nonpayments from its customers. A failure by the Company to adequately assess and manage credit risk may result in credit losses potentially resulting in a material adverse effect on the Company's business, operating and financial performance, including decreased operating cash flows.

(I) Security

As with all technology companies, AppsVillage is reliant on the security of its products and associated technologies. Breaches of security could impact user satisfaction and confidence in its products, and some breaches, including cyber-attacks, could render the services and related products unavailable through a disrupted denial of service or other disruption. Unavailability of AppsVillage's services could impact the Company's financial performance. Further, it could hinder AppsVillage's ability to retain existing customers.

(m) Customer Support Needs

Sales of AppsVIIlage's apps in multiple geographical regions may require the Company to provide customer support to users in different languages and from different cultures. High customer support costs may negatively impact the Company's profitability.

5.4 General risks

(a) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company, as well as on its ability to fund its operations.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) General economic outlook.
- (ii) Introduction of tax reform or other new legislation.
- (iii) Interest rates and inflation rates.
- (iv) Changes in investor sentiment toward particular market sectors.
- (v) The demand for, and supply of, capital.
- (vi) Terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

(c) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(d) Force majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(e) Litigation risks

The Company is exposed to possible litigation risks. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(f) Insurance

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with the Company's business may not always available and where available the costs may be prohibitive.

(g) Market for Shares

Prior to the Offer there has been no public market for the Shares. It is likely that even after the Offer, there will be limited trading activity in the Shares and that it may be difficult or impossible to sell or buy large blocks of the Shares. Prices of the Shares may be highly volatile. No assurance can be given that an active market will develop in the Shares, or that the Shares will trade at or above the Offer Price after the Shares have been listed on the Official List and after official quotation.

5.5 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

[report commences on the following page]

APPSVILLAGE AUSTRALIA LIMITED Independent Limited Assurance Report

7 June 2019









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7 June 2019

The Directors AppsVillage Australia Limited C/- Steinpreis Paganin Level 4, 16 Milligan Street Perth WA 6000

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by AppsVillage Australia Limited ('AppsVillage Australia' or 'the Company') to prepare this Independent Limited Assurance Report ('Report') in relation to certain financial information of AppsVillage Australia, for the Public Offering of shares in AppsVillage Australia, for inclusion in the Prospectus. Broadly, the Prospectus will offer 25 million Shares at an issue price of \$0.20 each to raise AUD \$5 million before costs ('the Offer'). Oversubscriptions of up to a further 5 million shares at an issue price of \$0.20 each to raise a further AUD \$1 million may be accepted

The Company has entered into the Acquisition Agreement pursuant to which the Company will acquire all of the shares on issue in AppsVillage Ltd (Israel Company registration no 515311140) (AppsVillage), and all unexercised options to purchase shares of AppsVillage shall be terminated, subject to satisfaction of certain terms and conditions. The Vendors will be issued Shares and Options in the Company as consideration for the Acquisition.

The Prospectus also contains an offer of:

• 1,000 Shares for AUD \$0.20 each to raise AUD \$200 ('The Cleansing Offer')

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a review engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by International Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the **'Historical Financial Information'**) included in the Prospectus:

- the audited historical Statements of Financial Position for AppsVillage as at 31
 December 2018, the Statement of Profit or Loss and Other Comprehensive Income and
 Cash Flows of AppsVillage for the years ended 31 December 2016, 31 December 2017 and
 31 December 2018; and
- the audited historical Statements of Financial Position for AppsVillage Australia as at 31 December 2018, the Company has no operations and as such there is no Statement of Profit or Loss and Other Comprehensive Income or Cash Flows;

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards and the company's adopted accounting policies.

The Historical Financial Information for AppsVillage has been extracted from the financial report of AppsVillage for the years ended 31 December 2018, 31 December 2017 and 31 December 2016, which was audited in accordance with International Standards on Auditing by Somekh Chaikin a Member firm of KPMG International ('KPMG'). KPMG expressed an unmodified audit opinion in respect of all years

The Historical Financial Information for AppsVillage Australia has been extracted from the financial report of AppsVillage Australia for the period ended 31 December 2018, which was audited by BDO Audit (WA) Limited ('**BDO Audit**) in accordance with the Australian Auditing Standards and the Corporations Act 2001. BDO Audit expressed unmodified audit opinion but noted an emphasis of matter in relation to going concern pending future fundraising.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the **'Pro Forma Historical Financial Information'**) of AppsVillage Australia included in the Prospectus:

• the pro forma historical Statement of Financial Position as at 31 December 2018, contained in Appendix 1.

The Pro Forma Historical Financial Information has been derived from the historical financial information of AppsVillage Australia and the pro forma adjustments described in Section 6 of this Report. The stated basis of preparation is the recognition and measurement principles contained in International Financial Reporting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 6 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Section 6 of the Report on the Company's financial position as at 31 December 2018. As part of this process, information about the Company's financial position has been extracted by the Company from its financial statements for the period ended 31 December 2018.

3. Directors' responsibility

The directors of AppsVillage Australia are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our review procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 31 December 2018, the subsequent events set

out below, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of up to 30 million shares at an offer price of \$0.20 each to raise AUD \$6 million before costs pursuant to the Prospectus, based on the maximum subscription;
- The issue of 25 million shares at an offer price of \$0.20 each to raise AUD \$5 million before costs pursuant to the Prospectus, based on the minimum subscription;
- The issue of 1000 shares under the Cleansing Offer;
- Total costs of the listing and capital raising are estimated to be between AUD \$587,130 and AUD \$648,206 ('**Costs of the Offer**'). Those costs which relate to the capital raising are to be offset against contributed equity;
- The acquisition of AppsVillage by AppsVillage Australia for the issue of 19,950,686 shares and 3,049,314 options;
- The issue of 5,000,000 options with an exercise price of AUD \$0.30 and a life of 3 years to the Lead Manager;
- The issue of 2,000,000 warrants with an exercise price of AUD \$0.30 and a life of 2.5 years to a certain past shareholders of AppsVillage;
- The issue of 26.25 million Performance Options with an exercise price of AUD \$0.20 and a life of three years which are subject to a range of performance conditions as set out in the prospectus;
- The conversion of \$2,023,577 of mandatorily convertible loans into 10,910,905 shares in AppsVillage Australia;
- The issue of converting loans post 31 December 2018 by AppsVillage Australia which resulted in AUD \$549,248 being raised, a financing cost (AUD \$235,392) has been recognised for the value of the 3,923,198 shares to be issued to settle the liability;
- The issue of 6,875,000 shares in AppsVillage Australia post 31 December 2018 to the founders of the Company; and
- An exchange rate of 1 AUD to \$0.70 USD.

7. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO is the auditor of AppsVillage Australia.

8. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Adam Myers Director

APPSVILLAGE AUSTRALIA LIMITED

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Apps Village Australia Audited as at	AppsVillage Ltd. (Israel) Audited as at	Subsequent Events	Pro forma adjustments Minimum raise	Pro forma adjustments Maximum raise		Pro forma Maximum
		31-Dec-18	31-Dec-18		Taise	Taise	mininum	Maximum
	Notes	USD \$	USD \$		USD \$	USD \$	USD \$	USD \$
Current Asset								
Cash and cash equivalents	2	1	453,655	384,474	3,089,149	3,746,396	3,927,279	4,584,525
Restricted cash	2		137,278	- 17,70	5,007,147	3,740,370	137,278	137,278
Trade receivables		-	33,788	_		-	33,788	33,788
Other receivables		-	44,267	-			44,267	44,267
Total current assets	-	1	668,988	384,474	3,089,149	3,746,396	4,142,612	
Non-current assets								
Fixed assets, net		-	3,754	-		-	3,754	3,754
Total Non current assets	-	-	3,754	-	-	-	3,754	3,754
Total Assets	_	1	672,742	384,474	3,089,149	3,746,396	4,146,366	4,803,612
Current liabilities								
Trade payables		-	38,493	-		-	38,493	38,493
Deferred revenue		-	106,325	-	-	-	106,325	106,325
Other payables		-	142,534	-	-	-	142,534	142,534
	-	-	287,352	-	-	-	287,352	287,352
Total Liabilities	-	-	287,352	-	-	-	287,352	287,352
Equity								
Ordinary shares	3	1	332	1,511,748	4,881,918	5,533,661	6,393,999	7,045,741
Additional paid in capital		-	303,982	-	-	-	303,982	303,982
Mandatorily convertible bridge loans	4	-	2,023,577	-	(2,023,577)	(2,023,577)	-	-
Accumulated deficit	5	-	(1,942,501)	(1,127,274)	(284,026)	(278,522)	(3,353,801)	(3,348,297)
Reserves	6	-	-	-	514,834	514,834	514,834	514,834
Total shareholders' equity	_	1	385,390	384,474	3,089,149	3,746,396	3,859,014	4,516,260
Total Liabiliites and equity	-	1	672,742	384,474	3,089,149	3,746,396	4,146,366	4,803,612

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.

APPSVILLAGE LTD

HISTORICAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited for the	Audited for the	Audited for the
	year ended	year ended	year ended
	31-Dec-18	31-Dec-17	31-Dec-16
	USD \$	USD \$	USD \$
Revenues	373,406	77,902	12,127
Operating expenses			
Cost of revenues	(74,371)	(10,918)	(2,290)
Research and development	(334,249)	(197,702)	(32,277)
Selling and marketing	(1,187,582)	(347,341)	(104,111)
Genearl and administrative	(298,576)	(75,803)	(65,874)
Total Operating expenses	(1,894,778)	(631,764)	(204,552)
Operating loss	(1,521,372)	(553,862)	(192,425)
Financial income, net	(25)	(917)	2,508
Loss for the year	(1,521,397)	(554,779)	(189,917)

This historical statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4. Past performance is not a guide to future performance.

APPSVILLAGE LTD

HISTORICAL STATEMENT OF CASH FLOWS

	Audited for the year ended 31-Dec-18 USD \$	Audited for the year ended 31-Dec-17 USD \$	Audited for the year ended 31-Dec-16 USD \$
Cash flow from operating activities			
Loss for the year	(1,521,102)	(554,779)	(189,917)
Adjustments required to reconcile loss for the year to net cash used in operating activities	(1,021,102)	(00 1,177)	(107,717)
Change in trade receivables	(21,568)	(425)	(11,795)
Change in other recievables	(25,296)	(15,766)	(3,021)
Change in trade payables	16,808	20,529	401
Change in other payables	84,059	31,997	25,129
Change in deferred revenue	106,325	-	-
Stock based compensation	298,258	-	28,000
Depreciation	418	61	-
Net cash used in operating activities	(1,062,098)	(518,383)	(151,203)
Cash flows from investing activities			
Investment in restricted cash	(128,623)	(851)	(7,804)
Investment in fixed assets	(2,607)	(1,626)	-
Net cash used in investing activities	(131,230)	(2,477)	(7,804)
Cash flows from financing activities			
Proceeds from issuance of shares	-	-	303,196
Proceeds from mandatorily convertible bridge loans	1,423,577	600,000	-
Net cash provided by / (used in) financing activities	1,423,577	600,000	303,196
Net increase in cash and cash equivalents	230,249	79,140	144,189
Cash and cash equivalenets at the beginning of the year	223,406	144,266	77
Cash and cash equivalents at the end of the year	453,655	223,406	144,266

This historical statement of cash flows shows the historical cash flows of the Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4. Past performance is not a guide to future performance.

APPSVILLAGE LTD

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

Reporting entity

AppsVillage Ltd. is an Israeli resident company incorporated in Israel in September 2015 and its official address is 21, Haem Ubaneha Rehovot, Israel.

AppsVillage Inc. (the "subsidiary"), was established by AppsVillage Ltd. in June 2017 in Delaware. The subsidiary is wholly owned by AppsVillage Ltd. AppsVillage Ltd. and its Subsidiary (collectively, the "Company") has developed an application while interfacing with the Facebook page of the business. The Company allows businesses to easily create powerful Apps in seconds, while maintaining the branding and messaging they have built on social media with their customer base. Businesses can transform their Facebook ("FB") pages into powerful and engaging Apps in seconds, with the Company handling all the back end development both for Android and iPhone mobile devices. Apps built on the Company's website include powerful features such as push notifications, in-app purchases, coupons, appointment setting, cashback, FB ads and live chat to allow businesses to interact with their customers on a more engaged social level that will increase loyalty. Business owners can easily manage their App without extensive coding, software, technical knowledge, or having to hire consultants and designers.

The Company is a fully owned subsidiary of AppsVillage Australia Limited (hereinafter: the "parent Company" or the "parent"), an Australian company which was incorporated on June 1, 2018 in Western Australia.

B. Definitions

In these financial statements -

The Company	 AppsVillage Ltd. and its Subsidiary.
Related party	- Within its meaning in IAS 24 (2009), "Related Party Disclosures".
NIS	- The Israeli currency - New Israeli Shekel
\$ or US\$	- U.S. Dollar
The Subsidiary	- AppsVillage Inc.
The parent Company -	AppsVillage Australia Limited.

Basis of Preparation

A. Statement of compliance

These financial statements have been prepared in accordance with the measurement and recognition (but not disclosure) requirements of International Financial Reporting Standards ("IFRS").

B. Basis of measurement

The financial statements have been prepared on the historical cost basis.

C. Functional and presentation currency

These financial statements are presented in US\$, which is the Company's functional currency. The US\$ is the currency that represents the principal economic environment in which the Company operates.

D. Use of estimates and judgments

The preparation of the financial statements in conformity with the recognition and measurement requirements of IFRS as issued by the International Accounting Standard Board "IASB" requires management to make judgments, estimates and assumptions that affect the implementation of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Significant Accounting Policies

The accounting policies set out below have been applied in these financial statements by the Company:

A. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the cost in foreign currency translated at the exchange rate at the end of the year.

B. Financial instruments

Policy applicable as from January 1, 2018

Initial recognition and measurement of financial assets

The Company initially recognizes trade receivables on the date that they are created. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. A financial asset is initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets are derecognized when the contractual rights of the Company to the cash flows from the asset expire, or the Company transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Classification of financial assets into categories and the accounting treatment of each category Financial assets are classified at initial recognition to one of the following measurement categories: amortized cost; fair value through other comprehensive income - investments in debt instruments; fair value through other comprehensive income - investments in equity instruments; or fair value through profit or loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets so as to collect contractual cash flows; and

- The contractual terms of the financial asset give rise to cash flows representing solely payments of principal and interest on the principal amount outstanding on specified dates.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above, as well as financial assets designated at fair value through profit or loss, are measured at fair value through profit or loss.

The Company classifies financial assets as follows:

Cash and cash equivalents include cash balances available for immediate use and call deposits. Cash equivalents include short-term highly liquid investments (with original

maturities of three months or less) that are readily convertible into known amounts of cash and are exposed to insignificant risks of change in value.

The Company has balances of trade and other receivables and deposits that are held within a business model whose objective is collecting contractual cash flows. The contractual cash flows of these financial assets represent solely payments of principal and interest that reflects consideration for the time value of money and the credit risk. Accordingly, these financial assets are measured at amortized cost.

Policy applicable before January 1, 2018

Initial recognition and measurement of financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are created. All other financial assets acquired in a regular way purchase, including assets designated at fair value through profit or loss, are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument, meaning on the date the Group undertook to purchase or sell the asset.

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, including service concession receivables and cash and cash equivalents.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables, investments in non-marketable debentures and service concession receivables.

Cash and cash equivalents include cash balances available for immediate use and call deposits. Cash equivalents include short-term highly liquid investments (with original maturities of three months or less) that are readily convertible into known amounts of cash and are exposed to insignificant risks of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

C. Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the date

of purchase to be cash equivalents. Cash equivalents are stated at their carrying values, which approximates their fair values.

D. Revenue recognition

The Company provides an online platform that enables users to create applications using their FB pages and generates revenues primarily from services related to such applications.

Policy applicable as from January 1, 2018

The Company recognizes revenue when the customer obtains control over the promised services. The revenue is measured according to the amount of the consideration to which the Company expects to be entitled in exchange for the services promised to the customer, other than amounts collected for third parties.

Identifying the contract

The Company accounts for a contract with a customer only when the following conditions are met:

(a) The parties to the contract have approved the contract (in writing, orally or according to other customary business practices) and they are committed to satisfying the obligations attributable to them;

(b) The Company can identify the rights of each party in relation to services that will be transferred;

(c) The Company can identify the payment terms for the services that will be transferred;

(d) The contract has a commercial substance (i.e. the risk, timing and amount of the entity's future cash flows are expected to change as a result of the contract); and

(e) It is probable that the consideration, to which the Company is entitled to in exchange for its services transferred to the customer, will be collected.

For the purpose of paragraph (e) the Company examines, inter alia, the percentage of the advance payments received and the spread of the contractual payments, past experience with the customer and the status and existence of sufficient collateral.

If a contract with a customer does not meet all of the above criteria, consideration received from the customer is recognized as a liability until the criteria are met or when one of the following events occurs: the Company has no remaining obligations to transfer services to the customer and any consideration promised by the customer has been received and cannot be returned; or the contract has been terminated and the consideration received from the customer cannot be refunded.

Identifying performance obligations

On the contract's inception date the Company assesses the services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer one of the following:

(a) Services that are distinct; or

(b) A series of distinct services that are substantially the same and have the same pattern of transfer to the customer.

The Company identifies services promised to the customer as being distinct when the customer can benefit from the services on their own or in conjunction with other readily available resources and the Company's promise to transfer the services to the customer is separately identifiable from other promises in the contract.

Determining the transaction price

The transaction price is the amount of the consideration to which the Company expects to be entitled in exchange for the services promised to the customer, other than amounts collected for third parties.

Satisfaction of performance obligations

Revenue is recognized when the Company satisfies a performance obligation by transferring control over promised services to the customer.

Principal or agent

When another party is involved in providing services to the customer, the Company examines whether the nature of its promise is a performance obligation to provide the defined services itself, which means the Company is a principal and therefore recognizes revenue in the gross amount of the consideration, or to arrange that another party provide the services which means the Company is an agent and therefore recognizes revenue in the amount of the net commission.

The Company is a principal when it controls the promised services before their transfer to the customer. Indicators that the Company controls the services before their transfer to the customer include, inter alia, as follows: the Company is the primary obligor for fulfilling the promises in the contract; the Company has inventory risk before the services are transferred to the customer; and the Company has discretion in setting the prices of the services.

Policy applicable as before January 1, 2018

Revenues related to services for applications are recognized ratably over the term of the service period. Revenues related to commissions from sales made through the applications are recognized when earned. The Company accounts for revenues from sales made through the applications on a net basis by recognizing the commission it retains from each sale. The portion of the gross amount billed to customers that is remitted by the Company to third-party is not reflected in the Company's consolidated statements of comprehensive loss.

Deferred service revenues primarily include unearned amounts received from customers but not yet recognized as revenues.

E. Research and development expenses

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company has the intention and sufficient resources to complete development and to use or sell the asset.

As of December 31, 2018, the Company does not meet the conditions to capitalize any development expenditure, therefore, all expenditure was recognized in profit or loss as incurred.

F. Reclassification

Certain amounts in prior years' financial statements have been reclassified to conform to the current year's presentation.

G. Principles of consolidation

The consolidated financial statements include the accounts of the Company and its whollyowned subsidiary. Intercompany transactions and balances, have been eliminated upon consolidation.

H. Fixed assets

(1) Recognition and measurement

Fixed asset items are measured at cost less accumulated depreciation.

(2) Depreciation

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of the asset.

- The estimated useful live as follows:
- Office equipment
- Computers and Software 33%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting year and adjusted if appropriate.

15%

I. Severance pay

The Israeli Severance Pay Law, 1963 ("Severance Pay Law"), specifies that employees are entitled to severance payment, following the termination of their employment. Under the Severance Pay Law, the severance payment is calculated as one month salary for each year of employment, or a portion thereof.

The Company's liability for severance pay is covered by the provisions of Section 14 of the Severance Pay Law ("Section 14"). Under Section 14 employees are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, continued on their behalf to their insurance funds. Payments in accordance with Section 14 releases the Company from any future severance payments in respect of those employees. As a result, the Company does not recognize any liability for severance pay due to these employees and the deposits under Section 14 are not recorded as an asset in the Company's balance sheet.

J. New standards and interpretations not yet adopted

(1) IFRS 16, Leases ("IFRS 16")

IFRS 16 replaces International Accounting Standard 17 - Leases (IAS 17) and its related interpretations. IFRS 16 instructions annul the existing requirement from lessees to classify leases as operating or finance leases. Instead of this, for lessees, the new standard presents a unified model for the accounting treatment of all leases according to which the lessee has to recognize an asset and liability in respect of the lease in its financial statements. Similarly, IFRS 16 determines new and expanded disclosure requirements from those required at present. IFRS 16 will become effective for annual periods as of January 1, 2019, with the possibility of early adoption. IFRS 16 includes various alternative transitional provisions, so that companies can choose between one of the following alternatives at initial application: full retrospective application or application (with the possibility of certain practical expedients) as from the mandatory effective date, with an adjustment to the balance of retained earnings at that date.

The Company does not expect the new standard to have a material effect on its financial statements.

	Audited		Pro-forma after Offer	
	31-Dec-18	Minimum	Maximum	
NOTE 2. CASH AND CASH EQUIVALENTS	USD \$	USD \$	USD \$	
Cash and cash equivalents	1	3,927,279	4,584,525	
Adjustments to arrive at the pro-forma balance:				
Audited balance of Appsx Village Limited at 31 December 2018		1	1	
Acquisiton of AppsVillage Ltd		453,655	453,655	
Subsequent events:				
Converting note issue by Apps Village Limited post 31 December 2018		384,474	384,474	
	-	384,474	384,474	
Pro-forma adjustments:				
Proceeds from shares issued under this Prospectus		3,500,000	4,200,000	
Proceeds from shares issued under the Cleansing Offer		140	140	
Capital raising costs and listing expenses		(410,991)	(453,744)	
	-	3,089,149	3,746,396	
Pro-forma Balance	-	3,927,279	4,584,525	
	31-Dec-18	31-Dec-18		after Offer
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NOTE 3. ORDINARY SHARES	USD \$	USD \$	\$	\$
Ordinary Shares	1	1	6,393,999	7,045,741
	Number of	Number of	USD \$	USD \$
	shares	shares		
	Minimum	Maximum		
Fully paid ordinary share capital Apps Village Limited	1	1	1	1
Subsequent events				
Issue of shares for convertible notes issued by the Company	3,923,198	3,923,198	549,248	549,248
Issue of Founder Shares	6,875,000	6,875,000	962,500	962,500
Pro forma adjustments				
Acqusition of AppsVillage Ltd	19,950,686	19,950,686	332	332
Conversion of manditorily convertible notes	10,910,905	10,910,905	2,023,577	2,023,577
Proceeds from shares issued under this Prospectus	25,000,000	30,000,000	3,500,000	4,200,000
Issue of shares under the Cleansing offer	1,000	1,000	140	140
Capital raising costs - Lead Manager options			(377,982)	(377,982)
Capital raising costs- cash expenses	-	-	(263,817)	(312,075)
	66,660,789	71,660,789	6,393,998	7,045,740
Pro-forma Balance	66,660,790	71,660,790	6,393,999	7,045,741

	Audited	Pro-forma	Pro-forma
	Audited	Pro-forma	Pro-forma
		after Offer	after Offer
	31-Dec-18	Minimum	Maximum
NOTE 5. ACCUMULATED LOSSES	USD \$	USD \$	USD \$
Accumulated deficit	-	(3,353,801)	(3,348,297)
Adjustments to arrive at the pro-forma balance:			
Audited balance of Appsx Village Limited at 31 December 2018		-	-
Acquisiton of AppsVillage Ltd		(1,942,501)	(1,942,501)
Subsequent Events			
Issue of Founder Shares		(962,500)	(962,500)
Pro-forma adjustments:			
Finance expense relating to convertible loans		(164,774)	(164,774)
Issue of Warrants		(136,852)	(136,852)
Listing expenses	-	(147,174)	(141,670)
		(448,800)	(443,296)
	_		
Pro-forma Balance	-	(3,353,801)	(3,348,297)

NOTE 6. RESERVES Reserves	Audited 31-Dec-18 USD \$	Pro-forma after Offer Minimum USD \$ 514,834	Pro-forma after Offer Maximum USD \$ 514,834
<i>Adjustments to arrive at the pro-forma balance:</i> Audited balance of Appsx Village Limited at 31 December 2018 Acquisiton of AppsVillage Ltd		-	
Pro-forma adjustments: Issue of Lead Manager options		377,982	377,982
Issue of Warrants Pro-forma Balance	-	136,852 514,834	136,852 514,834

The options and warrants have been valued using Black Scholes, the key inputs are as follows

Lead Manager options Volatility 100% Life 3 years Exercise price AUD \$0.30 Giving a value of AUD \$0.1080 per option

Warrants

Volatility 100%

Life 2.5 years

Exercise price AUD \$0.30

Giving a value of AUD \$0.0978 per warrant

Performance Options

Volatility 100%

Life 3 years

Exercise price AUD \$0.30

Giving a value of AUD \$0.1241 per Performance Option. The performance options are subject to non market vesting conditions and due to this vesting period no expense has been recognised in the pro forma. The total value of all performance rights if they vest is AUD \$3,256,434. The full terms of the Performance Options are contained in the prospectus.

NOTE 7: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 8: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

NOTE 9: ACQUISITION ACCOUNTING

AppsVillage Ltd is considered under IFRS 3 Business Combinations to be the accounting acquirer, as AppsVillage Australia is not considered to be a business continuation accounting has been applied and as such there is no adjustment required for the acquisition of AppsVillage Ltd By AppsVillage Australia.

7. CORPORATE GOVERNANCE

7.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website: <u>https://appv.co/public/website/corporate</u>.

7.2 Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) leading and setting the strategic direction and objectives of the Company;
- (b) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of Executives and the Company Secretary and the determination of their terms and conditions including remuneration and termination;
- (c) overseeing the Executive's implementation of the Company's strategic objectives and performance generally;
- (d) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- (e) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit (satisfying itself financial

statements released to the market fairly and accurately reflect the Company's financial position and performance);

- (f) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (g) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- (h) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

7.3 Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto:

- (a) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (b) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives of the Company.

The Board will consist of four Directors (three of whom will be non-executive directors), all four of which (Mr Yoav Ziv, Mr Max Bluvband, Ms Leanne Graham, and Mr Jonathan Hart) are considered independent directors. The Board considers the proposed balance of skills and expertise is appropriate for the Company for its currently planned level of activity.

To assist the Board in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board will maintain a Board Skills Matrix.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors which allows new directors to participate fully and actively in Board decision-making at the earliest opportunity, and enable new Directors to gain an understanding of the Company's policies and procedures.

7.4 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

7.5 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

7.6 Independent professional advice

Each Director, to a reasonable extent and at the Company's expense, may obtain independent professional advice on issues arising in the course of his or her duties.

7.7 Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

7.8 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its directors, officers, employees and contractors. The policy generally provides that for directors, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

7.9 External audit

The Company is responsible for the appointment of the external auditors of the Company in general meetings, and the Board from time to time will review the scope, performance and fees of those external auditors.

7.10 Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

7.11 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from the Recommendations will also be announced prior to admission to the official list of the ASX.

8. MATERIAL CONTRACTS

Set out below is a brief summary of certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

8.1 Acquisition Agreement

On or about 5 June 2019, the Company entered into a share swap agreement and option swap agreement (**Acquisition Agreement**) with the holders of the shares (**Shareholders**) and / or options (**Option holders**) of AppsVillage (together, the **Vendors**). The Company will acquire from the Vendors all the shares on issue in AppsVillage and all unexercised options to purchase shares of AppsVillage will be cancelled. The Company will issue to the Vendor Shares and Options in the Company as consideration.

A summary of the material terms of the Acquisition Agreement is set out below.

- (a) (Consideration): The consideration payable by the Company for the acquisition of AppsVillage is:
 - (i) 19,950,686 Shares (**Consideration Shares**); and
 - (ii) 3,049,314 Options (**Consideration Options**).
- (b) (Conditions Precedent): Settlement of the acquisition of AppsVillage is subject to the satisfaction of the following outstanding conditions precedent:
 - (i) (Initial Public Offering): the Company preparing a prospectus and lodging the prospectus with the ASIC to complete a capital raising to support an application for listing on the ASX and receiving valid acceptances under the prospectus to the value of not less than the amount required to satisfy the conditions in ASX Listing Rule 1.1;
 - (ii) (ASX Approval): the Company receiving a letter from ASX confirming ASX will grant conditional approval to the listing of the Company on ASX, on the terms acceptable to the Company and AppsVillage (acting reasonably);
 - (iii) (Regulatory Approvals): the Company, AppsVillage and the Vendors obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other law to allow the parties to lawfully complete the matters set out in the Acquisition Agreement;
 - (iv) (**Restriction Agreements**): the Vendors providing the Company with executed restriction agreements for the securities issued as Consideration, as required by the ASX Listing Rules; and
 - (v) (**Tax Approval**): the majority shareholders of the Company held by the Vendors, receiving a letter of approval from the Israeli Tax Authority, in a satisfactory form.

- (c) (End Date): Any party may terminate the Acquisition Agreement by written notice, if the Conditions Precedent is not satisfied (or waived) on or before 5:00pm (WST) on or before 31 August 2019 (or a later date agreed to by AppsVillage and the Company).
- (d) (Termination): If the Acquisition Agreement is not completed by on or before 5:00pm (WST) on or before 31 August 2019 (or a later date agreed to by the AppsVillage and the Company) for reasons not attributable to AppsVillage, the Vendors or the Company, this Acquisition Agreement will terminate without liability of any party hereto to any other party for such termination.

The Acquisition Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

8.2 Bridging Loan Agreement

On 23 April 2019, the Company entered into a convertible bridge loan agreement with AppsVillage (**Bridging Loan Agreement**). The Company has agreed to loan AppsVillage up to \$1,000,000 for the purpose to meet its ongoing working capital requirements (**AppsVillage Loan**). As at the date of this Prospectus the Company has loaned AppsVillage \$450,000 under this loan.

A summary of the material terms of the Bridging Loan Agreement is set out below.

- (a) (Loan Amount): the maximum amount which can be borrowed under the AppsVillage Loan is \$1,000,000;
- (b) (**Purpose**): the AppsVillage Loan is to be used by AppsVillage to meet its ongoing working capital requirements and does not include the repayment of any other existing loan amounts.
- (c) (Interest): the Loan Amount will accrue interest at the higher rate of:
 - (i) 2% per annum, compounded annually; and
 - (ii) the minimum rate prescribed by law,

(the Interest).

- (d) (Conversion upon an IPO or M&A Event): where the Acquisition is not completed and the Loan Amount is not previously repaid pursuant to this Bridging Loan Agreement, the outstanding Loan Amount, immediately prior to consummation of an IPO or M&A Event will automatically convert into Shares of the Company:
 - (i) at a price per share reflecting a pre-conversion Company valuation of USD\$8,000,000; or
 - (ii) at the Company valuation used for consummation of the IPO or M&A Event, if the value is lower, calculated on a fully dilute asconverted basis immediately prior to such IPO or M&A Event (defined below).

All Interest accrued on the Loan Amount will be repaid in cash at the time of conversion.

IPO means an initial offering of the Company's securities to the public, in accordance with applicable securities laws, pursuant to which the Company's securities shall be listed on a stock exchange for trading.

M&A Event means the following events:

- (i) any acquisition, merger, reorganisation or consolidation of the Company with or into another entity, following which the existing shareholders of the Company as of immediately prior to such transaction or series of related transactions hold, by virtue of securities issued as consideration for the Company's acquisition, less than 50% of the voting power of the surviving or acquiring entity or less than 50% of the issued and outstanding share capital of the surviving or acquiring entity;
- (ii) a sale of all or substantially all of the shares and/or the assets of the Company in a single transaction or a series of related transactions;
- (iii) any other transaction or series of related transactions in which more than 50% of the outstanding share capital of the Company following such transaction or series of related transactions is held by a person or entity or group of persons or entities (related contractually or otherwise), other than existing shareholders; or
- (iv) any distribution of a dividend or other distributions made to the shareholders, which has an effect or economic impact substantially similar to the above.
- (e) (Conversion upon the Maturity Date): if the Loan Amount is not previously repaid pursuant to this Bridge Loan Agreement, 12 months from the date of completion of the AppsVillage Loan, the outstanding Loan Amount of Company shall be automatically converted into a number of the most senior shares of the Company at such time at a price per share representing a pre-conversion Company valuation of USD\$8,000,000, calculated on a fully diluted as-converted basis as of immediately prior to such conversion.
- (f) (**Repayment**): in the event of default occurring prior to the conversion of the Loan Amount, the Loan Amount and accrued Interest will immediately and automatically become due from AppsVillage to the Company.

The Bridging Loan Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties provisions).

8.3 Convertible Loan Agreements

The Company has entered into convertible loan agreements with various investors pursuant to which the Company has raised \$549,248 (**Convertible Loan Agreements**) which funds have been used to meet expenses of the Offer and to provide the bridging loan to AppsVillage summarised in Section 8.2 above.

The funds will convert into Shares at a price of \$0.14 per Share immediately following receipt by the Company of conditional approval from ASX to admit the securities of the Company to trading on ASX (and those conditions being to the reasonable satisfaction of the Company).

On the basis that the condition above is satisfied, the Company will issue 3,923,198 Shares pursuant to the Convertible Loan Agreements.

8.4 Lead Manager Mandate

The Company is party to a mandate with RM Corporate Finance Pty Ltd dated 24 July 2018 pursuant to which RM Corporate Finance Pty Ltd has been engaged to act as lead manager to the Offer (**Lead Manager Mandate**).

The Lead Manager will be paid the following fees for acting as lead manager to the Offer:

- (a) A capital raising fee in the amount of 6% (plus GST) of the total amount raised (other than directly by the Company) under a convertible note issue, or 2% (plus GST) of the total amount raised directly by the Company.
- (b) A corporate advisory fee of A\$7,500 (plus GST) per calendar month commencing 1 August 2018, deferred until a Convertible Note Seed Raising of a minimum A\$250,000. The corporate advisory fee will increase to A\$10,000 (plus GST) upon the successful listing of Company on ASX.
- (c) A management fee of A\$50,000 (plus GST) payable upon successful listing of Company on ASX.
- (d) A placement fee in the amount of 6% (plus GST) of the total amount raised under the Offer.
- (e) The issue of 5,000,000 Options with a 3-year term and an exercise price of A\$0.30. The Options will be issued immediately prior to admission to the Official List and be subject to escrow in accordance with Appendix 9B of the ASX Listing Rules.

8.5 Material business contracts for AppsVillage

AppsVillage enters into terms and conditions with users of its website. These terms and conditions are available on AppsVillage website and are not considered material for the purposes of disclosure in this Prospectus.

9. ADDITIONAL INFORMATION

9.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

9.2 Rights attached to Shares

The following is a summary of the more significant rights attached to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

9.3 Rights attaching to Options

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be:

- (i) 3,049,314 Options exercisable at NIS 0.01 (approximately A\$0.0039 based on prevailing exchange rates); and
- (ii) 5,000,000 Options exercisable at A\$0.30,

(each, an Exercise Price).

(c) Expiry Date

The Options will expire at 5:00 pm (WST) as follows:

- (i) 3,049,314 Options: on the day which is five (5) years from the initial date of quotation of the Company's Shares on the Official List of the ASX; and
- (ii) 5,000,000 Options on the day which is three (3) years from the initial date of quotation of the Company's Shares on the Official List of the ASX,

(each, an **Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(I) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

9.4 Terms and Conditions of the Performance Options

The terms and conditions of the Performance Options are as follows:

- (a) Exercisable at \$0.20 (**Performance Exercise Price**) on or before the date that is three (3) years after the date of the Company's admission to the Official List (**Performance Expiry Date**). Subject to the exceptions outlined below, the Performance Options will only be exercisable after the satisfaction of the following vesting conditions:
 - (i) **Tranche A Performance Options:** will vest and become exercisable upon the Company achieving at least one of the Customer Collections or ACV revenues of at least A\$2,500,000 from sales of products and services that are based on the Company's technology, for any 12-month period after Admission and before the Performance Expiry Date;
 - (ii) Tranche B Performance Options: will vest and become exercisable upon the Company achieving at least one of Customer Collections or ACV revenues of at least A\$5,000,000 form total sales of products and services that are based on the Company's technology, for any 12-month period after Admission and before the Performance Expiry Date; and
 - (iii) **Tranche C Performance Options:** will vest and become exercisable upon the Company achieving at least one of Customer Collections or ACV revenues of at least A\$10,000,000 from total sales of products based and services that are based on the Company's technology, for any 12-month period after Admission and before the Performance Expiry Date.

All of the Performance Options will vest and become exercisable if a change of control event occurs in relation to the Company (whether by way of takeover bid, scheme of arrangement or other merger, consolidation or amalgamation involving the Company which results in a change in 40% or more of the voting shares in the Company, or the Group sells all or substantially all of its businesses or assets).

(together, the Vesting Conditions).

(b) Each Performance Option entitles the holder to one fully paid ordinary share upon exercise.

- (c) Upon:
 - (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
 - (B) having been declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Options have not converted into Shares due to satisfaction of the Vesting Conditions, the Performance Options will automatically vest and become exercisable.

(d) Exercise Period

The Performance Options are exercisable at any time on or prior to the Performance Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Performance Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Performance Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Performance Exercise Price for each Performance Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Options.

If a notice delivered under paragraph (g) (ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Performance Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues (pre-emptive right)

There are no participation rights or entitlements inherent in the Performance Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Options without exercising the Performance Options.

(k) Change in exercise price

A Performance Option does not confer the right to a change in Performance Exercise Price or a change in the number of underlying securities over which the Performance Option can be exercised.

(I) Transferability

The Performance Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

9.5 Terms and Conditions of the Warrants

The key terms and conditions of the Warrants are set out below.

(a) Entitlement

Each Warrant entitles the holder to subscribe for one Share upon exercise of the Warrant.

(b) Exercise Price

Subject to paragraph (g), the amount payable upon exercise of each Warrant will be A\$0.30 (**Exercise Price**).

(c) Expiry Date

Each Warrant will expire at 5:00 pm (WST) on the day which is two and a half years from the date of issue (**Expiry Date**). A Warrant not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Warrants are exercisable at any time on or prior to the Expiry Date (Exercise Period).

(e) Notice of Exercise

The Warrants may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Warrant certificate (**Notice of Exercise**) and payment of the Exercise Price for each Warrants being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Warrants being exercised in cleared funds (Exercise Date).

(g) **Rights of Warrant holders**

For so long as the Warrants remain unexercised, nothing contained in these terms shall be construed as conferring upon the holder the right to vote or to consent as a shareholder in respect of meetings of shareholders for the election of directors of the Company, the right to receive any dividends declared by the Company or any other right as a shareholder.

(h) **Reconstruction of capital**

If the issued capital of the Company is reorganised, the rights of the Warrant Holder under this Deed must be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(i) Participation in new issues (pre-emptive right)

There are no participation rights or entitlements inherent in the Warrants and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Warrants without exercising the Warrants.

(j) Change in exercise price

A Warrant does not confer the right to a change in the Exercise Price or a change in the number of underlying securities over which the Warrants can be exercised.

(k) Transferability

The Warrants are not transferrable.

(I) Shares issued on exercise

Shares issued on exercise of the Warrants rank equally with the then issued shares of the Company.

9.6 Terms and Conditions of Director Options

The key terms and conditions of the Director Options are set out below.

(a) Entitlement

Each Director Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Director Option will be \$0.30 (**Exercise Price**)

(c) Expiry Date

Each Director Option will expire at 5:00 pm (AEST) on that date which is three (3) years after the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Director Options are exercisable at any time on and from the date which is 24 months from quotation of the Company's Shares on the ASX, provided that the Optionholder remains a Director of the Company (Exercise Period).

(e) Notice of Exercise

The Director Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Director Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Director Option being exercised in cleared funds (Exercise Date).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

 (i) issue the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Director Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Director Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Director Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options without exercising the Director Options.

(k) Change in exercise price

A Director Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Director Option can be exercised.

(I) Transferability

The Director Options may not be transferred or assigned by an Optionholder except that the Optionholder may at any time transfer all or any of the Director Options to a spouse, family trust, or to a proprietary limited company, all of the issued Shares which are beneficially owned by the Optionholder or the spouse of the optionholder.

(m) Ceasing to be a Director

All unexercised Director Options will lapse upon the holder ceasing to be a Director or employee of the Company unless otherwise determined by the Board.

9.7 Performance Rights and Option Plan

The Company has adopted a Performance Rights and Option Plan (**Plan**). The key terms of the Plan are as follows:

- (a) **Eligibility**: Participants in the Plan may be:
 - a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a Group Company);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,

who is declared by the Board to be eligible to receive grants of Awards under the Plan (**Eligible Participants**).

- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Unless the Awards are quoted on the ASX, Awards issued under the Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).
- (f) Vesting: The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (Relevant Person)), resolve to waive any of the Vesting Conditions applying to Awards due to:

- (i) special circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant Offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the Relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant; or
 - (E) a change of control occurring; or
 - (F) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) Lapse of an Award: An Award will lapse upon the earlier to occur of:
 - (i) an unauthorised dealing, or hedging of, the Award occurring;
 - a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Award;
 - (iii) in respect of unvested Awards only, an Eligible Participant ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Awards only, a relevant person ceases to be an Eligible Participant and the Award granted in respect of that person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
 - (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award;

- (vii) the expiry date of the Award.
- (h) Shares: Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (i)) from the date of issue, rank on equal terms with all other Shares on issue.
- (i) **Sale Restrictions**: The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Awards up to a maximum of five (5) years from the grant date of the Awards. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.
- (j) **No Participation Rights**: There are no participating rights or entitlements inherent in the Awards and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards.
- (k) Change in exercise price of number of underlying securities: Unless specified in the offer of the Awards and subject to compliance with the ASX Listing Rules, an Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.
- (I) **Reorganisation**: If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Award are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (m) Trust: The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Plan to effect the establishment of such a trust and the appointment of such a trustee.
- (n) **Overseas issues**: The Company will comply with laws relevant in the jurisdiction in which a recipient lives, including initially appointing a trustee to hold the Awards under the Plan for any recipients in Israel.

9.8 Interests of Directors

Other than as set out in this Prospectus, no Director or Proposed Director of the Company holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director of the Company:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

9.9 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (c) the formation or promotion of the Company;
- (d) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (e) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (f) the formation or promotion of the Company; or
- (g) the Offer.

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Section 6. The Company estimates it will pay BDO Corporate Finance (WA) Pty Ltd fees of \$18,000 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Corporate Finance (WA) Pty Ltd has not received any fees from the Company for any other services.

BDO Audit (WA) Pty Ltd has acted as the auditor of the Company and has prepared the Company's accounts set out in Section 6. The Company estimates it will pay BDO Audit (WA) Pty Ltd fees of \$12,000 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Audit (WA) Pty Ltd has not received any fees from the Company for any other services. RM Corporate Finance Pty Ltd will receive those fees as set out in Sections 3.11 and 8.4 following the successful completion of the Offer for its services as Lead Manager to the Offer. RM Corporate Finance Pty Ltd has not received any other fees for other services provided to the Company in the last two years.

Steinepreis Paganin has acted as the Australian solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$70,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received any other fees.

Pearl Cohen Zedek Latzer Baratz has acted as the Israeli attorneys to the Company and AppsVillage in relation to the Offer. The Company estimates it will pay Pearl Cohen Zedek Latzer Baratz US\$ 70,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with discounted rates the firm applies to start-ups. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pearl Cohen Zedek Latzer Baratz has received legal fees of US\$33,000 for ongoing legal services provided to AppsVillage (excluding in connection with the Offer).

9.10 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Independent Limited Assurance Report included in Section 6 in the form and context in which the information and report is included. BDO Corporate Finance (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

BDO Audit (WA) Pty Ltd has given its written consent to being named as auditor of the Company in this Prospectus in the form and context in which the information is included. BDO Audit (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Somekh Chaikin, A Member Firm of KPMG International has given its written consent to being named as auditor of AppsVillage Ltd. in this Prospectus in the

form and context in which the information is included. Somekh Chaikin has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the Australian solicitors to the Company in this Prospectus in the form and context in which the information is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Pearl Cohen Zedek Latzer Baratz has given its written consent to being named as the Israeli solicitors to the Company in this Prospectus in the form and context in which the information is included. Pearl Cohen Zedek Latzer Baratz has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

RM Corporate Finance Pty Ltd has given its written consent to being named as the Lead Manager to the Company in this Prospectus. RM Corporate Finance Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Automic Registry Services has given its written consent to being named as the share registry to the Company in this Prospectus. Automic Registry Services has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.11 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$587,130 for the Minimum Subscription and \$648,206 for the Maximum Subscription. Such expenses are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription (\$)	Maximum Subscription (\$)				
Independent Limited Assurance Report	18,000	18,000				
Accounting services relating to Prospectus	12,000	12,000				
Legal fees – Australia and Israel	160,000	160,000				
Prospectus lodgement fee	3,206	3,206				
Listing fees	78,924	80,000				
Lead Manager fees	300,000 360,00					
Printing and other miscellaneous costs	15,000	15,000				
TOTAL	587,130	648,206				

9.12 Continuous disclosure obligations

The Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) following admission to the Official List and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

9.13 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at <u>Https://appv.co/public/website/corporate/</u>.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9.14 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9.15 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

n w

Yoav Ziv Non-Executive Chairman AppsVillage Australia Limited

11. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ or **A\$** means an Australian dollar.

ACV means the average annual contractual value of customer subscriptions.

AEST means Eastern Standard Time as observed in Sydney, New South Wales.

Acquisition means the acquisition by the Company of all of the shares and options on issue in AppsVillage pursuant to the terms and conditions of the Acquisition Agreement.

Acquisition Agreement means the share swap agreement and option swap agreement between the Company, AppsVillage and the Vendors as summarised in Section 8.1.

Admission means admission of the Company to the Official List.

API means application programming interface.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

AppsVillage means AppsVillage Ltd (Israel Company registration no 515311140).

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

Bridging Loan Agreement means the bridging loan agreement with the terms and conditions set out in Section 8.2.

Cleansing Offer means the offer of up to 1,000 Shares at an issue price of \$0.20 per Share to raise \$200 pursuant to this Prospectus as further described in Section 3.1.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer or Cleansing Offer early).

Company means AppsVillage Australia Limited (ACN 626 544 796).

Completion means completion of the share swap and option swap under the Acquisition Agreement in accordance with its terms and conditions.

Constitution means the constitution of the Company.

Convertible Loan Agreements means the convertible loan agreements as summarised in Section 8.3.

Corporations Act means the Corporations Act 2001 (Cth).

Corporate Governance Plan has the meaning given to it in Section 7.

Customer Collections means funds actually received from customers for services and products rendered by the Company to its customers during a certain period of time.

Director Option means an Option with the terms and conditions set out in Section 9.6.

Directors means the directors of the Company at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Lead Manager means RM Corporate Finance Pty Ltd (AFSL 221 938).

Lead Manager Mandate means the mandate between the Company and RM Corporate Finance Pty Ltd, as summarised at Section 8.2.

Maximum Subscription means the maximum amount to be raised under the Offer, being \$6,000,000.

Minimum Subscription means the minimum amount to be raised under the Offer, being \$5,000,000.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 3.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder or option holder means a holder of an Option.

NIS means Israeli New Shekel.

Prospectus means this prospectus.

SaaS means Software as a Service.

Section means a section of this Prospectus.

Security means a security issued or to be issued in the capital of the Company, including a Share, Performance Option or an Option.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Share Registry means Automic Registry Services.

SMB means small-to-medium businesses.

US\$ means a United States dollar.

Vendors means the shareholders of AppsVillage.

Vesting Conditions has that meaning given to it in Section 9.4.

Warrant means a warrant with the terms and conditions set out in Section 9.5.

WST means Western Standard Time as observed in Perth, Western Australia.

APPSVILLAGE AUSTRALIA LIMITED ACN 626 544 796

Applicants who received this Public Offer from their broker must return their Public Offer Application Form and Application Monies back to their broker

Broker Code

Adviser Code

Public Offer Application Form Application Options:

Option A: Apply Online and Pay Electronically (Recommended)

Apply online at: https://investor.automic.com.au/#/ipo/appsvillage

- ✓ Pay electronically: Applying online allows you to pay electronically by BPAY® or Electronic Funds Transfer 'EFT'.
- ✓ Get in first, it's fast and simple: Applying online is very easy to do, it eliminates any postal delays and removes the risk of it being potentially lost in transit.
- It's secure and confirmed: Applying online provides you with greater privacy over your instructions and is the only method which provides you with confirmation that your application has been successfully processed.

To apply online, simply scan the barcode to the right with your tablet or mobile device or you can enter the URL above into your browser.

Option B: Standard Application and Pay by Cheque

Enter your details below (clearly in capital letters using pen), attach cheque and return in accordance with the instructions on the reverse.

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AUTOMIC

YOUR PRIVACY

Automic Pty Ltd (ACN 152 260 814) trading as Automic advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <sample a="" c="" family=""></sample>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <sample a="" c="" family="" super=""></sample>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <sample &="" a="" c="" son=""></sample>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Health Club A/C>	Food Health Club
Deceased Estates	Mr John Sample <estate a="" anne="" c="" late="" sample=""></estate>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is a Public Offer Application Form for Ordinary Fully Paid Shares ('Shares') in AppsVillage Australia Limited (ACN 626 544 796) ('Company'), made under the terms set out in the Prospectus dated 7 June 2019 ('Prospectus'). The expiry date of the Prospectus is the date which is 13 months after the Prospectus Date.

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable) and an Application Form, on request and without charge.

- 1. Shares applied for & payment amount Enter the number of Shares you wish to apply for. Your application must be for a minimum of 10,000 Shares (A\$2,000). Applications for greater than 10,000 shares must be in multiples of 2,500 Shares (A\$500). Next, enter the amount of the Application Monies payable. To calculate this amount, multiply the number of Shares applied for by the offer price, which is A\$0.20 per Share.
- 2. Applicant name(s) and postal address Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. You should refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
- 3. Contact Details Please provide your contact details for us to contact you between 9:00am AEST and 5:00pm AEST should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at https://investor.automic.com.au/#/home
- 4. CHESS Holders If you are sponsored by a stockbroker or other participant and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.
- 5. **TFN/ABN/Exemption** If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
- 6. **Payment** Payments for applications made through this application form can only be made by cheque. Payment can be made by both BPAY and EFT but only by making an online application, which can be accessed by following the web address provided on the front of the application form. **Do not forward cash with this Application Form as it will not be accepted.**

Your cheque must be made payable to "AppsVillage Australia Limited" and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, YOU DECLARE THAT:

- you have received a paper or electronic copy of the Prospectus that accompanies this Application Form and have read the Prospectus in full and agree to be bound by the terms and conditions of the offer as declared in the Prospectus;
- all details and statements made on the form are complete and accurate;
- where information has been provided about another individual, that individual's consent has been obtained to transfer the information to the Company;
- the Company and their respective officers and agents are authorised to do anything on your behalf (including the completion and execution of documents) to enable the Shares to be allocated to you;
- you agree to be bound by the constitution of the Company;
- neither the Company not any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital.

LODGEMENT INSTRUCTIONS

The Public Offer opens at 9.00am (AEST) on 6 June 2019 and is expected to close at 5.00pm (AEST) on 5 July 2019. The Company may elect to extend the Public Offer or close it (after the Public Offer is open) at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Public Offer Application Forms as early as possible. Completed Public Offer Application Forms and cheques must be:

POSTED TO:	DELIVERED TO (during business hours only - 9am to 5pm (AEST):						
AppsVillage Australia Limited	AppsVillage Australia Limited						
C/- Automic Pty Ltd	C/- Automic Pty Ltd						
GPO Box 5193	Level 5, 126 Phillip Street						
SYDNEY NSW 2001	SYDNEY NSW 2000						

Your Public Offer Application Form must be received by Automic no later than 5.00pm (AEST) 5 July 2019

If you have any enquiries in respect of this Application, please contact Automic by either phone on 1300 288 664 (within Australia), +61 2 9698 5414 or at corporate.actions@automic.com.au.