Prospectus

irexchange Limited

ACN 612 319 276

(Proposed ASX Listing Code: IRX)

For the Offer of:

• 19,444,444 New Shares at an Offer Price of $0.90 per New Share to raise $17.5 million;
• 30,683,796 Conversion Shares;
• 5,122,222 Settlement Shares; and
• 291,667 Options.

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 Offer Shares offered under this Prospectus should be considered highly speculative.

Lead Manager

Investigating accountant

Legal adviser
irexchange is a disruptive B2B marketplace that changes the economics of retail distribution. It empowers independent retailers and suppliers to better compete, improve market access, and increase returns.
Important Notices

The Offer
This Prospectus is issued by exchange Limited ACN 612 319 278 (‘exchange Limited’ or the Company) for the purposes of Chapter 6D of the Corporations Act 2001 (the Corporations Act) as amended by ASIC. The Offer contains in this Prospectus is an initial public offering to acquire fully paid ordinary shares in the Company. The Offer comprises the Broker Firm Offer, the General Offer, the Guaranteed New Share Offer, the Broker Firm Offer, the Guaranteed New Share Offer and the Option Offer. For further information on the Offer see Section 7.

Lodgement and listing
This Prospectus is dated 24 December 2018 (Prospectus Date) and was lodged with the Australian Securities and Investments Commission (ASIC) on that date.

The Company will apply to the Australian Securities Exchange (ASX) within seven days after the Prospectus Date, for admission of the Company to the Official List and quotation of its Shares on ASX. None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry Date
This Prospectus expires on the date which is 13 months after the Prospectus Date (Expiry Date).

No Offer Securities will be issued on the basis of this Prospectus after the Expiry Date.

Note to Applicants
The information contained in this Prospectus is not investment or financial product advice and has been prepared as general information only, without consideration for your particular investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company.

In particular, you should consider the assumptions underlying the Pro forma Historical Financial Information (see Section 4) and the risk factors that could affect the business, financial condition and financial performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Offer Securities. Some of the key risk factors that should be considered by prospective investors are set out in Section 5 of the Prospectus. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company, the repayment of capital by the Company or any return on investment performance of the Company, the repayment of capital by the Company or any return on investment performance of the Company, or any other person in connection with the Offer Securities made pursuant to this Prospectus. No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, the Directors, the Lead Manager or any other person in connection with the Offer. You should rely only on information in this Prospectus.

Exposure Period
The Corporations Act as amended by ASIC Corporations (ASIC Close Down Period) Instrument 2018/1034 prohibits the Company from processing Applications in the 14 day period after the date of lodgement of the Prospectus (Exposure Period). The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the exposure Period.

No cooling-off rights
Cooling-off rights do not apply to an investment in Offer Securities issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Obtaining a copy of this Prospectus
During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available at www.exchange.com.au to persons who are Australian residents only. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available in electronic format at www.exchange.com.au. The Offer constituted by this Prospectus in electronic format at www.exchange.com.au is available only to persons within Australia. The Prospectus is not available to persons in other jurisdictions (including the United States) in which it may not be lawful to make such an invitation or offer. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

You may, before the Offer Period expires, obtain a paper copy of this Prospectus (free of charge) by telephoning the Share Registry on 1800 645 237 (within Australia) from 8:30am to 5:30pm (Sydney Time), Monday to Friday. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 1800 645 237 from 8:30am to 5:30pm (Sydney Time), Monday to Friday. Applications for New Shares may only be made during the Offer Period on an Application Form attached to or accompanying this Prospectus.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus. Refer to Section 7 for further information.

Statements of past performance
This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial Information
Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that Financial Information.

All references to FY17 and FY18 appearing in this Prospectus are to the period ended 30 June 2017 and 30 June 2018 respectively. Certain financial amounts are provided in Section 8.

EXHIBIT "A" to this Prospectus, referred to as the “Investigating Accountant’s Report on Financial Information,” has been prepared in accordance with the principles of Australian Accounting Standards (including any applicable Australian Accounting Interpretations) and is classified as ‘non-IFRS financial information’ under Regulatory Guide 230 “Disclosing non-IFRS financial information” published by ASIC. The Company believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of ixchange.

In the event that the financial information contained in this Prospectus is expressed in Australian dollars, unless otherwise stated. Any discrepancies between totals and sums of components in tables, figures and components contained in this Prospectus are due to rounding.

Investigating Accountant’s Report on Financial Information and financial services guide
The provider of the Investigating Accountant’s Report on Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The Investigating Accountant’s Report and accompanying financial services guide are provided in Section 8.

Forward looking statements
This Prospectus contains forward looking statements which may be identified by words such as “anticipates”, “expects”, “believes”, “estimates”, “targets”, “predicts”, “projects”, “forecasts”, “intends”, “guidance”, “plan” and similar words that involve risks and uncertainties.

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

The Company does not undertake to, and does not intend to, update or revise any forward-looking statements, or 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.

Any forward-looking statements are subject to various risks that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5, and other information in this Prospectus. Such forward looking statements are not guarantees of future performance. They involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of the Company, the Directors and the Company’s management. The Company, the Directors, the Company’s management and the Lead Manager 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.

Industry and market data

This Prospectus, including the Industry Overview in Section 2 and the Company Overview in Section 3, contains statistics, data and other information (including forecasts and projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data pertaining to irexchange’s business and markets. The Company has obtained significant portions of this information from market research prepared by third parties.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and do not necessarily reflect actual market conditions. There is no assurance that any of the forecasts or projections in the surveys, reports and surveys of any third-party that are referred to in this Prospectus will be achieved. The Company has not independently verified, and cannot give any assurance as to the accuracy or completeness of, this market and industry data or the underlying assumptions used in generating this market and industry data.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Selling restrictions

This Prospectus does not constitute an offer or invitation to apply for Offer Securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Offer Securities or the Offer, or to otherwise permit a public offering of Offer Securities, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to persons in the United States and the Offer Shares will not be offered or sold to persons in the United States. The Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (US Securities Act) or the securities laws of any state or other jurisdiction of the United States.

See Section 7 for more detail on selling restrictions that apply to the Offer in jurisdictions outside Australia.

Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear.

Unless otherwise stated or implied, references to times in this Prospectus are to Sydney Time. Unless otherwise stated or implied, references to dates or years are calendar year references.

Privacy

By completing an Application Form to apply for New Shares, you are providing personal information to the Company through the Share Registry, which is contracted by the Company to manage Applications. The Company and the Share Registry on behalf of the Company, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the Income Tax Assessment Act 1936, the Corporations Act, and the Corporations (Provision for Corporate Winding Up) Act 1999. If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to market about other products and services offered by the Company, which it considers may be of interest to you.

Your personal information may also be provided to the Company’s members, agents and service providers on the basis that they deal with such information in accordance with the Company’s Privacy Policy and applicable laws. The members, agents and service providers of the Company may be located outside Australia, where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of printing and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Offer Securities and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public Shareholder register.

The information contained in the Shareholder register must remain there even if that person ceases to be a Shareholder. Information contained in the Shareholder register is also used to facilitate dividend payments and corporate communications (including the Company’s financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company’s registered office or the Share Registry’s office, details of which are disclosed in the Corporate Directory on the inside back cover of this Prospectus. Applicants can obtain a copy of the Company’s Privacy Policy by visiting the Company’s website www.irexchange.com.au.

You may request access to your personal information held by or on behalf of the Company and you may correct the personal information held by or on behalf of the Company about you. You may be required to pay a reasonable charge to the Share Registry in connection with your access. You may request access to your personal information by writing to or telephoning the Share Registry as follows:

Email: registrars@irexmarketservices.com.au
Telephone: 1300 554 474

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in the photographs or diagrams or any of its contents or that the assets shown in them are owned by the Company. Diagrams and maps used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Company website

Any references to documents included on the Company’s website at www.irexchange.com.au are for convenience only, and none of the documents or other information available on the Company’s website is incorporated into this Prospectus by reference.

Disclaimer

Except as required by law, and only to the extent so required, none of the Company, the Directors, the Company’s management, the Lead Manager or any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus. As set out in Section 7, it is expected that the Shares will be quoted on ASX on the day of listing at a price that is within the range set out in the Prospectus. As an Applicant, you will be charged for access. Access requests must be made in writing or by telephone call to the Company’s registered office or the Share Registry’s office, details of which are disclosed in the Corporate Directory on the inside back cover of this Prospectus. Applicants can obtain a copy of the Company’s Privacy Policy by visiting the Company’s website www.irexchange.com.au.

By completing an Application Form to apply for New Shares, you are providing personal information to the Company through the Share Registry, which is contracted by the Company to manage Applications. The Company has obtained significant portions of this information from market research prepared by third parties.

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Important dates*

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Prospectus lodgement date</td>
<td>24 December 2018</td>
</tr>
<tr>
<td>Opening Date</td>
<td>7 January 2019</td>
</tr>
<tr>
<td>Closing Date</td>
<td>5 February 2019</td>
</tr>
<tr>
<td>Settlement Date</td>
<td>12 February 2019</td>
</tr>
<tr>
<td>Allotment Date for Offer Securities</td>
<td>19 February 2019</td>
</tr>
<tr>
<td>Dispatch of holding statements</td>
<td>20 February 2019</td>
</tr>
<tr>
<td>Expected commencement of trading on ASX (on a normal settlement basis)</td>
<td>25 February 2019</td>
</tr>
</tbody>
</table>

*These dates and times are indicative only and may change. The Company, with the consent of the Lead Manager, reserves the right to vary the dates and times of the Offer without prior notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before the Settlement Date, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Offer Securities, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Opening Date.
### Key Offer Statistics

<table>
<thead>
<tr>
<th><strong>Key Offer Statistics</strong></th>
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<tbody>
<tr>
<td>Offer Price per New Share</td>
<td>$0.90</td>
</tr>
<tr>
<td>Total number of New Shares offered under this Prospectus</td>
<td>19,444,444</td>
</tr>
<tr>
<td>Gross proceeds to be raised by the issue of New Shares</td>
<td>$17,500,000</td>
</tr>
<tr>
<td>Number of Conversion Shares to be issued under the Convertible Noteholder Offer</td>
<td>30,683,796</td>
</tr>
<tr>
<td>Number of Settlement Shares to be issued under the Settlement Share Offer</td>
<td>5,122,222</td>
</tr>
<tr>
<td>Total number of Offer Shares offered under this Prospectus</td>
<td>55,250,463</td>
</tr>
<tr>
<td>Number of Shares currently on issue</td>
<td>27,268,145</td>
</tr>
<tr>
<td>Total number of Shares on issue at Listing</td>
<td>82,518,607</td>
</tr>
<tr>
<td>Number of Options to be issued to the Lead Manager</td>
<td>291,667</td>
</tr>
<tr>
<td>Employee Options on issue</td>
<td>2,758,000</td>
</tr>
<tr>
<td>Market capitalisation at the Offer Price</td>
<td>$74,266,746</td>
</tr>
<tr>
<td>Pro forma cash (as at 25 February 2019)</td>
<td>$14,213,192</td>
</tr>
<tr>
<td>Enterprise value at the Offer Price</td>
<td>$60,053,554</td>
</tr>
</tbody>
</table>

**Notes:**

1. See Section 7.3 for details regarding the structure of the Offer and 7.14 for information on the capital structure of the Company following Completion.
2. Gross proceeds of the Offer reflects the total number of New Shares available under the Offer multiplied by the Offer Price.
3. Under the Convertible Noteholder Offer all outstanding principal and interest owed under the Convertible Notes (expected to be $20.71 million) will be converted into new Shares (Conversion Shares) at an issue price of $0.675 per Conversion Share. Convertible Notes have an 8% interest rate. The number of Conversion Shares to be issued under the Convertible Noteholder Offer represents:
   - an anticipated outstanding principal amount on Completion of $18.75 million comprising:
     - $16.42 million of Convertible Notes currently on issue; and
     - a further $2.33 million of Convertible Notes anticipated to be issued between the Prospectus Date and the Opening Date; and
   - anticipated accrued interest on Completion of $1.96 million.
4. See Sections 9.7 and 9.9.
5. See Section 9.3.2.
6. See Section 9.3.1.
7. Reflects the total number of Shares on issue following Completion multiplied by the Offer Price. Shares may not trade at the Offer Price after Listing.
8. Pro forma cash is the estimated value of cash and cash equivalents as at Completion, calculated on a pro forma basis assuming Completion. Certain financial information in this Prospectus is described as pro forma for the reasons described in Section 4. The pro forma cash value in the table above varies to the pro forma historical consolidated balance sheet presented in Section 4.4 as the latter is presented as at 30 June 2018.

### How to invest

Applications for New Shares can only be made by completing and lodging an Application Form. Instructions on how to apply for New Shares are set out in Section 7 and on the back of the Application Form.

### Questions

Please call the Offer Information Line at 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) from 8:30am until 5:30pm (AEST) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether this is a suitable investment for you, you should seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Company.
Chairman’s Letter

Dear Investor,

On behalf of our Board of Directors, it is my pleasure to invite you to become an investor in irexchange Limited (irexchange). irexchange is a disruptive technology platform and business model that enables retailers and suppliers to trade efficiently and transparently, lowering operating costs and enabling fulfilment through an efficient, technology-driven digital market place and supply chain platform. Since December 2016, irexchange has grown its customer base to over 600 independent retailers.

The irexchange platform and distribution model changes the relationship between retailers and suppliers by removing the costs of conventional wholesalers and providing price transparency to both retailers and suppliers across a wide range of popular stock keeping units (SKU) in multiple segments in the grocery, frozen, produce and liquor sectors.

irexchange believes its business will benefit from (and cause) the disruption of the traditional wholesaler model.

irexchange’s growth strategy seeks to increase the volume of orders from existing customers currently using the irexchange platform on a regular basis, expand into other sectors, and eventually expand into other channels and geographies.

The Company is led by a management team with significant experience in fast-moving consumer goods (FMCG), supply chain and technology capabilities.

The purpose of the Offer is to provide immediate funding to support irexchange’s growth strategy, to provide access to capital markets, to improve financial flexibility for growth and to provide the Company with the benefits of an increased profile as a listed entity.

The Company is seeking to issue 19,444,444 New Shares to raise $17,500,000. In addition, this Prospectus also contains the offer to issue:

- 30,683,796 Conversion Shares to be issued to Convertible Noteholders on conversion of all outstanding principal and interest owed under the Convertible Notes;
- 5,122,222 Settlement Shares to various counterparties to settle various payment obligations; and
- 291,667 Options to be issued to the Lead Manager, on Completion.

This Prospectus contains detailed information about the Offer, the historical financial results of the Company and the material risks associated with an investment in the Company.

Before applying for New Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company. These include risks associated with increased competition, protection of intellectual property, reliance on third-party logistics and warehousing services, ability to attract and retain key personnel, supply chain disruption risk, a failure to retain existing customers and attract new customers and disruption and failure of technology systems. Please refer to Section 5 for further details.

I encourage you to read this document carefully and in its entirety before making an investment decision. Before investing you should seek professional advice.

On behalf of my fellow Directors, I look forward to welcoming you as a shareholder of the Company.

Yours sincerely,

Andrew Reeves
Independent Chairman
1. Investment Overview
1. Investment Overview

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
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</thead>
<tbody>
<tr>
<td><strong>1.1 Introduction to the Company and its business model</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Who is irexchange?</td>
<td>irexchange Limited (Company) was incorporated on 10 May 2016 for the primary purposes of disintermediating the incumbent wholesale model as it stands in the independent retail market. Since inception, irexchange has successfully commercialised and is now trading in New South Wales, Victoria, South Australia, Queensland and Australian Capital Territory with over 170 suppliers and 600 retailers onboarded (with approximately 50% trading regularly). irexchange is a disruptive technology platform and next-generation distribution business that aims to deliver fairness, transparency and efficiency to several traditionally wholesaler dominated industries including the fast-moving consumer goods (FMCG) industry.</td>
<td>Section 3.1</td>
</tr>
<tr>
<td>What is irexchange’s business?</td>
<td>irexchange’s business enables retailers and suppliers to transact and trade efficiently and transparently, lowering operating costs and enabling fulfilment through an efficient, technology-driven digital market place and supply chain platform. irexchange’s distribution model removes the costs of conventional wholesalers and delivers price transparency to both retailers and suppliers across a wide range of popular SKUs in multiple segments in grocery, frozen, produce and liquor.</td>
<td>Section 3.1</td>
</tr>
<tr>
<td>What is irexchange’s history?</td>
<td>The Company’s business commenced in 2015 and since inception, has spent approximately $20 million to fund product and technology development. In September 2015, irexchange commenced the build phase of its platform, started commercialisation activities and signed the software contract with Viridian (a software developer) to acquire the Vision software. In January 2016, DHL commenced as a supply chain partner and the irexchange team was built out with key expertise in FMCG, supply chain and technology capabilities. In December 2016, irexchange acquired the Supabarn wholesale operations including staff and assets and started trading. Since December 2016, irexchange has onboarded over 600 independent supermarket and grocery retailers and 170 suppliers onto the platform, operating across New South Wales, Victoria, South Australia, Queensland and Australian Capital Territory. During 2018, irexchange has seen a four-fold increase in the number of top 100 FMCG suppliers actively engaged in the platform.</td>
<td>Sections 3.2 and 3.3.3</td>
</tr>
<tr>
<td>How does irexchange generate revenue?</td>
<td>irexchange generates revenue by charging the net product price plus a handling and freight/distribution fee plus a minimal percentage service fee. Freight is charged at cost to retailers. irexchange’s revenue is therefore primarily a function of the average carton value and number of cartons sold.</td>
<td>Section 3.3.1</td>
</tr>
<tr>
<td>Who are irexchange’s key customers?</td>
<td>irexchange’s current customers are independent supermarket and grocery, health food and liquor retailers. Due to irexchange’s sector agnostic technology, it can attract customers from any industry traditionally supplied by wholesalers, including FMCG independent supermarkets, pharmacy, petrol and convenience, hardware and liquor retailing.</td>
<td>Sections 3.1 and 3.3.1</td>
</tr>
</tbody>
</table>
### 1.1 Introduction to the Company and its business model

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who are irexchange’s key suppliers and distribution partners?</strong></td>
<td>irexchange’s key suppliers of products on its platform include large multi-national, national, state and regional suppliers. Some of the well-known suppliers include Swisse, Bellamy’s, Reckitt Benckiser, L’Oréal, Unilever, Kraft Heinz, Kimberly Clark, Carlton and United Breweries and ABC Tissue, among others. irexchange’s key distribution partners are DHL for logistics relating to ambient-temperature goods and Emergent Cold for logistics relating to temperature-controlled goods.</td>
<td>Sections 3.3.1 and 3.3.4</td>
</tr>
<tr>
<td><strong>What is irexchange’s growth strategy?</strong></td>
<td>irexchange aims to grow its business in three phases. <strong>Phase 1 (current):</strong> Expand further into the independent grocery, liquor, pharmacy and petrol and convenience sectors in the Australian market. <strong>Phase 2:</strong> Expand its geographical reach to include all Australian states and territories, as well as into other channels and territories including international B2C marketplaces and the China cross border e-commerce (CBEC) marketplace. <strong>Phase 3:</strong> Expand into other international markets where high retailer and supplier fragmentation exists.</td>
<td>Section 3.3.2</td>
</tr>
<tr>
<td><strong>Who are irexchange’s key competitors?</strong></td>
<td>irexchange’s key competitors are large, established incumbent wholesalers.</td>
<td>Sections 2.3.3 and 2.3.4</td>
</tr>
<tr>
<td><strong>Why is the Offer being conducted?</strong></td>
<td>The Offer is being conducted to: • provide immediate funding to support irexchange’s growth strategy including the expansion of its operations geographically and into other channels including pharmacy, petrol and convenience and the China CBEC marketplace; • provide access to capital markets to improve financial flexibility for growth; and • provide the Company with the benefits of an increased profile as a listed entity.</td>
<td>Section 7.4</td>
</tr>
</tbody>
</table>

### 1.2 Overview of the industry in which the Company operates

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What industries and channels does irexchange operate in?</strong></td>
<td>irexchange currently operates in the FMCG industry. The FMCG industry manufactures and distributes products for consumers that are purchased and consumed on a frequent basis, such as food and beverage, health and personal care, pet care, home care products and liquor. irexchange operates in the independent grocery and liquor channels and is currently planning to expand into: • pharmacy; • petrol and convenience; and • China CBEC marketplace.</td>
<td>Sections 3.1 and 3.3.2</td>
</tr>
</tbody>
</table>
### 1.2 Overview of the industry in which the Company operates

**What are the key drivers of change in the industry?**

The key drivers of change in the FMCG industry include:

- ongoing price-based competition between incumbent retailers, impacting the margins of suppliers through the supply chain;
- competition from new entrants and new business models challenging market incumbents;
- technology supporting cost reduction and profitability maintenance by reducing operating costs, particularly labour, with technology increasingly deployed to increase the levels of automation in store operations and wider supply chains;
- increased regulatory focus on supplier-wholesaler-retailer relationships; and
- the growth of niche, differentiated suppliers.

**Who are the market participants?**

The major participants in the markets which irexchange operates within (or intends to operate in) include:

- **Supermarkets, grocery retailing and wholesaling:**
  - Woolworths;
  - Coles;
  - Aldi;
  - Metcash;
  - Costco; and
  - Independent supermarkets (IGA, Foodworks).
- **Petrol and convenience (P&C) retailing:**
  - 7-Eleven
  - Coles Express;
  - Caltex (Star Mart);
  - BP;
  - UCB; and
  - New Sunrise.
- **Pharmacy retailing:**
  - My Chemist Group (Chemist Warehouse);
  - EBOS Group Terry White Chemmart;
  - API (Priceline and Soul Pattinson); and
  - Sigma Healthcare (Amcal, Guardian, Chemist King and Discount Drug Stores).
- **Liquor retailing and wholesaling:**
  - Woolworths;
  - Coles;
  - Metcash (ALM); and
  - independent liquor retailers.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.3 Key strengths</strong></td>
<td></td>
<td>Section 3.3.4</td>
</tr>
<tr>
<td><strong>Asset-light technology-enabled business model</strong></td>
<td>irexchange has partnered with DHL and Emergent Cold, global leaders in logistics. irexchange’s partnership with DHL serves as a differentiator from current wholesaler models which typically operate their own fixed footprint distribution networks that require considerable capital expenditure outlay. By outsourcing its distribution centre network to DHL and Emergent Cold, irexchange remains asset light, offering a low cost available fulfilment capability that provides scale and a flow-through distribution solution as well as the flexibility to rapidly expand its network to support growth.</td>
<td></td>
</tr>
</tbody>
</table>
| **Compelling value proposition for irexchange’s customers** | irexchange’s technology platform empowers independent retailers to better compete in increasingly competitive industries, assisting with the creation and promotion of a sustainable, profitable business. The platform removes the traditional wholesaler role, along with prohibitive costs and inventory levels. The platform also assists:  
- suppliers in saving a portion of their trading terms and increasing margins (through bypassing wholesalers); and  
- retailers in allowing them to lower prices to their consumers while maintaining their margins, even after paying irexchange a service fee and product handling charge.  
The platform offers independent retailers the opportunity to sell margin accretive products at lower prices, which equates to an approximate margin improvement of up to 10% on the traditional wholesale source of supply. | Section 3.1 |
| **An established FMCG player in Australia within two years** | In only two years, irexchange has developed a significant footprint into the FMCG industry. Since December 2016, irexchange has grown its network to over 600 independent retailers on the irexchange platform across Australia and now regularly operates across New South Wales, Victoria, South Australia, Queensland and Australian Capital Territory. Approximately 50% of onboarded retailers trade regularly. | Section 3.2 |
| **Blue chip supplier base** | irexchange trades with over 20% of the top 100 FMCG suppliers. irexchange has a growing supplier base of over 170 FMCG suppliers including many well-known global brands. | Section 3.3.1 |
| **Highly experienced Board and management team** | irexchange has a highly experienced management team with deep experience in FMCG, supply chain and the technology sector and has appointed an experienced Board to support the execution of the Company’s strategy. | Sections 6.1 and 6.3 |
## 1. Investment Overview

### 1.3 Key strengths

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
</tr>
</thead>
</table>
| High quality technology platform | The Company has a proprietary B2B platform that connects to retailers and suppliers allowing transparent, secure and efficient trading. The Company’s business model operates utilising three unique and integrated capabilities:  
  - a digital trading platform which directly connects to suppliers and retailers (avoiding a wholesaler);  
  - flow-through distribution capabilities that optimise the flow of products between suppliers and retailers; and  
  - a data analytics platform.  
  The platform has been built for ease of scalability, flexibility and adaptability by leveraging global cloud technology providers. | Sections 3.1 and 3.3.3                |
| World class supply chain partners | DHL and Emergent Cold currently provide irexchange with its domestic warehousing capacity and the majority of current distribution to fulfill orders to Australian retailers.  
  The selection and use of these partners as the providers of outsourced distribution centre services provides a broader scalable footprint and supports flow-through capability, drastically reducing irexchange’s need to rely on a conventional warehouse-based supply chain. | Section 3.3.4                         |
| High margin release and impressive growth achieved in short period | irexchange’s platform provides for an approximate margin release of up to 10% for retailers and suppliers.  
  Since December 2016, irexchange has onboarded over 170 suppliers and 600 independent retailers to use the Company’s platform. | Sections 3.1 and 3.2                  |

### 1.4 Key risks

Set out below are a number of key business risks that the Company is exposed to. Further business and investment risks associated with an investment in the Company are outlined in Section 5.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
</tr>
</thead>
</table>
| Liquidity                                  | At the date of this Prospectus the Company is not cash flow positive and although the Directors consider that the Company will, on Completion, have enough working capital to carry out its stated objectives there is no guarantee that it will be able to meet its objectives without further funding.  
  In particular, the Company is currently raising $2.3m through a shareholder approved convertible note prior to Listing. There is risk that if this is undersubscribed, it would have an adverse impact on the Company’s working capital and its ability to operate in the period leading up to its Listing. | Section 5.1.1        |
<p>| Business dependent on existing retailers and suppliers and new retailers and suppliers | In order to sustain revenue and achieve a profit the Company must retain its existing retailers and suppliers and attract new retailers and suppliers to its platform. The Company’s revenue growth is also dependent on increasing the volume and frequency of orders placed through the platform. | Section 5.1.2        |</p>
<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.4 Key risks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insufficient products provided by suppliers on the platform</td>
<td>The Company’s platform relies on suppliers to provide goods to retailers in order for the Company to generate its revenue. There is a risk that the suppliers who use the Company’s platform may not offer the complete range of goods that retailers wish to purchase.</td>
<td>Section 5.1.3</td>
</tr>
<tr>
<td>Failure to deliver products to retailers within specified timeframes</td>
<td>The Company specifies certain timeframes within which it will deliver goods to retailers. There is a risk that goods will not be delivered to retailers within such specified timeframes, which may lead to retailer dissatisfaction and a reduction in retailers’ use of the platform or in retailers ceasing to use the platform.</td>
<td>Section 5.1.4</td>
</tr>
<tr>
<td>Decline in trade volumes and economic conditions</td>
<td>A decline in regional trade volumes and recessionary economic conditions, including in the logistics service market may adversely affect the Company’s financial performance.</td>
<td>Section 5.1.6</td>
</tr>
<tr>
<td>Competition risk</td>
<td>The Company operates in the FMCG industry which is a highly competitive market. There is a risk that these established competitors have greater resources and finances to counter the Company’s ability to compete in the market or the possibility of new entrants to the market.</td>
<td>Section 5.1.7</td>
</tr>
<tr>
<td>Failure to adequately maintain and develop the Company’s platform</td>
<td>The Company’s business model depends on its ability to continue to facilitate transactions with both retailers and suppliers via its platform. There is a risk that the Company fails to maintain its platform adequately, or that updates may introduce errors and performance issues, causing retailer and supplier satisfaction in the platform to fall.</td>
<td>Section 5.1.8</td>
</tr>
<tr>
<td>Reliance on third-party logistics and warehousing services</td>
<td>The Company relies on third-party logistics providers to successfully operationalise the business and to support distribution of products bought and sold using the Company’s platform. If these agreements are terminated, the Company will need to seek alternative distributor/logistics service providers, which may cause some disruption for retailers and suppliers and may impact the Company’s profitability.</td>
<td>Sections 5.1.11 and 5.1.12</td>
</tr>
<tr>
<td>Disruption and failure of technology systems</td>
<td>The Company and its customers are dependent on the performance, reliability and availability of the Company’s technology platform. Any disruptions to the Company’s platform including natural disasters or data corruption will impact the Company’s reputation.</td>
<td>Section 5.1.13</td>
</tr>
<tr>
<td>Security breach and data privacy</td>
<td>Use of the Company’s products involve the storage and transmission of retailers’ confidential and proprietary information. The Company’s business could be materially impacted by security breaches of retailers’ data and information</td>
<td>Section 5.1.14</td>
</tr>
<tr>
<td>Dependence on key personnel</td>
<td>The Company’s success is dependent upon the retention of its key personnel, in particular members of senior management, product teams and highly skilled software engineers.</td>
<td>Section 5.1.15</td>
</tr>
<tr>
<td>Failure to protect intellectual property rights and breach of third-party intellectual property rights</td>
<td>In absence of a granted patent, the Company’s technology platform and supply management system is potentially vulnerable to third-party claims for breach of intellectual property rights or at risk of being replicated by competitors.</td>
<td>Sections 5.1.16 and 5.1.17</td>
</tr>
<tr>
<td>Breach of confidentiality</td>
<td>Any breach involving the leak, theft, or unauthorised access of the Company’s sensitive information may materially and adversely impact the Company’s business.</td>
<td>Section 5.1.18</td>
</tr>
</tbody>
</table>
## 1. Investment Overview

### 1.4 Key risks

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk of litigation, claims, disputes and regulatory investigations</td>
<td>There is a general risk that counterparties which have had dealings with the Company (including former employees and current employees) will pursue claims in relation to any agreements those parties had or have with the Company.</td>
<td>Section 5.1.20</td>
</tr>
<tr>
<td>Risk of disruption to the provision of alcohol and tobacco products to retailers</td>
<td>The Company facilitates the sale of alcohol and tobacco from suppliers to retailers on its platform under its Victorian liquor licence and Australian Capital Territory tobacco licence. There is a risk that the Company’s ability to supply alcohol and tobacco to other states and territories will be disrupted if the Company cannot rely on these licences for distribution to other states.</td>
<td>Section 5.1.21</td>
</tr>
</tbody>
</table>

### 1.5 Key financial metrics

| What is the Company’s pro forma historical financial performance | The financial information presented below contains non-IFRS financial measures. It is intended as a summary only and should be read in conjunction with a more detailed discussion of the Financial Information set out in Section 4, including management discussion and analysis, as well as the key risks set out in Section 5. | Section 4.3         |
| Pro forma FY                                                                 |                                                                                                                                   |                      |
| $’000                                                                 | FY17 | FY18                                                                 |                      |
| Revenue                                                              | 4,349 | 13,156                                                  |                      |
| Cost of goods sold                                                   | (4,378) | (11,384)                                                |                      |
| Project development expenses                                         | (6,723) | (2,476)                                                 |                      |
| Employee and consultant expenses                                     | (6,760) | (8,379)                                                 |                      |
| Other operating expenses                                             | (4,550) | (5,735)                                                 |                      |
| **EBITDA**                                                          | (18,062) | (14,817)                                                |                      |
| Depreciation and amortisation                                        | (291) | (1,456)                                                  |                      |
| **EBIT**                                                            | (18,353) | (16,273)                                                |                      |
| Net interest income                                                  | 48 | 30                                                      |                      |
| **Loss before tax**                                                  | (18,305) | (16,243)                                                |                      |
| **Tax**                                                              | – | –                                                        |                      |
| **Loss after tax**                                                   | (18,305) | (16,243)                                                |                      |

### How will the Company fund its objectives?

irexchange on listing on ASX will be funded by cash, which will be applied for corporate and growth purposes and expects to have $14.2 million available to utilise. The Directors have assessed the outlook for the Company and, upon completion of the Offer, they believe the Company has sufficient working capital to carry out the stated objectives for a minimum 18-month period and meet its debts as they arise. | Sections 4.2.3 and 4.4.2 |
### 1.5 Key financial metrics

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the Company’s dividend policy?</td>
<td>irexchange does not have any present plans to pay dividends on its shares. Any future determination as to the declaration and payment of dividends, if any, will be at irexchange’s discretion and will depend on then existing conditions including the level of future earnings, the amount of tax paid, the financial position of the Company, future operating conditions and future cash requirements to fund growth.</td>
<td>Section 4.7</td>
</tr>
<tr>
<td>What will the Company’s capital structure be on Listing?</td>
<td>On Listing, the Company’s issued capital will comprise 82,518,607 equally ranking ordinary shares and 3,049,667 options.</td>
<td>Section 7.14</td>
</tr>
</tbody>
</table>

#### Sources of funds

<table>
<thead>
<tr>
<th>Sources of funds</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash as at the date of Listing</td>
<td>$130,000</td>
<td>$17.63 million</td>
</tr>
<tr>
<td>Gross proceeds from the Offer</td>
<td>$17.5 million</td>
<td>$17.63 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$17.63 million</strong></td>
<td><strong>$17.63 million</strong></td>
</tr>
</tbody>
</table>

#### Uses of funds

<table>
<thead>
<tr>
<th>Uses of funds</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Further technology and product development to the irexchange platform</td>
<td>$4.00 million</td>
<td>$17.63 million</td>
</tr>
<tr>
<td>Growth and business development including expansion of the Company’s operations geographically and into other channels</td>
<td>$5.00 million</td>
<td>$17.63 million</td>
</tr>
<tr>
<td>Payment to Viridian for acquisition of Vision software</td>
<td>$750,000</td>
<td>$17.63 million</td>
</tr>
<tr>
<td>Payment to the Founders for consultancy services</td>
<td>$800,000</td>
<td>$17.63 million</td>
</tr>
<tr>
<td>Costs of the Offer</td>
<td>$2.30 million</td>
<td>$17.63 million</td>
</tr>
<tr>
<td>Working capital</td>
<td>$4.98 million</td>
<td>$17.63 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$17.63 million</strong></td>
<td><strong>$17.63 million</strong></td>
</tr>
</tbody>
</table>

### 1.6 Board and management

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are the Directors of irexchange?</td>
<td><strong>Andrew Reeves</strong>, Independent Chairman <strong>Ian Hicks</strong>, Deputy Chairman (Ian will resign on the date of Listing) <strong>Suzanne Douglas</strong>, Independent Director <strong>John Ayre</strong>, Non-Executive Director (John will resign on the date of Listing) <strong>Brett Charlton</strong>, Chief Executive Officer <strong>Brett Coventry</strong>, Chief Financial Officer</td>
<td>Section 6.1</td>
</tr>
</tbody>
</table>
1. Investment Overview

### 1.6 Board and management

Who are the senior management of irexchange?

- **Brett Charlton**, Chief Executive Officer
- **Brett Coventry**, Chief Financial Officer
- **Greg Frye**, Chief Technology Officer

### 1.7 Significant interests of key people and related party transactions

Who are the significant Existing Investors and what will their interest be on Listing?

<table>
<thead>
<tr>
<th>Investor</th>
<th>Interest</th>
<th>Shares and Convertible Notes prior to Listing</th>
<th>Shares on Listing</th>
<th>% of Shares on Listing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ian Hicks¹</td>
<td>Existing Shares and Convertible Notes</td>
<td>3,379,022 existing Shares and $833,705 of Convertible Notes²</td>
<td>4,775,372 Shares³</td>
<td>6%</td>
</tr>
<tr>
<td>John Ayre⁴</td>
<td>Existing Shares and Convertible Notes</td>
<td>3,500,000 existing Shares and $802,836 of Convertible Notes⁵</td>
<td>4,774,539 Shares⁶</td>
<td>6%</td>
</tr>
<tr>
<td>Convertible Noteholders</td>
<td>$20,711,563 of Convertible Notes</td>
<td>–</td>
<td>30,683,796 Shares</td>
<td>37%</td>
</tr>
<tr>
<td>Viridian and its associates⁷</td>
<td>Existing Shares and Settlement Shares</td>
<td>630,000 existing Shares</td>
<td>5,352,222 Shares</td>
<td>6%</td>
</tr>
</tbody>
</table>

---

1. Securities held by Hickshay Pty Ltd as trustee for Hicks Family Trust.
2. Ian Hicks currently holds $383,705 Convertible Notes and has committed to take up a further $500,000 prior to the Opening Date but this may be scaled back if there is sufficient demand.
3. These holdings have been calculated assuming the full $500,000 is invested.
4. Securities held by Hontarni Pty Ltd as trustee for J R Ayre Investment Trust and J&L Superannuation Pty Ltd as trustee for the J&L Superannuation Fund.
5. John Ayre currently holds $552,836 Convertible Notes and has committed to take up a further $250,000 prior to the Opening Date but this may be scaled back if there is sufficient demand.
6. These holdings have been calculated assuming the full $250,000 is invested.
7. 630,000 existing Shares represents the total number of shares held by Viridian’s associates (David Perazzo, Cathryn Perazzo, Airwire Pty Ltd as trustee for the Ararat Frontage Trust and Boursicaud Pty Ltd as trustee for the Stevens Family Trust).
### 1.7 Significant interests of key people and related party transactions

**What interests will Directors have prior to and on Listing?**

<table>
<thead>
<tr>
<th>Officer</th>
<th>Securities prior to Listing</th>
<th>Securities on Listing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Reeves, Independent Chairman</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Ian Hicks¹, Deputy Chairman</td>
<td>$3,379,022 Shares and $833,705 of Convertible Notes²</td>
<td>4,755,372 Shares³</td>
</tr>
<tr>
<td>Suzanne Douglas, Independent Director</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>John Ayre⁴, Non-Executive Director</td>
<td>$3,500,000 Shares and $802,836 of Convertible Notes⁵</td>
<td>4,774,539 Shares⁶</td>
</tr>
<tr>
<td>Brett Charlton, CEO</td>
<td>500,000 Employee Options</td>
<td>500,000 Employee Options</td>
</tr>
<tr>
<td>Brett Coventry, CFO</td>
<td>$25.000 of Convertible Notes⁷ and 250,000 Employee Options</td>
<td>250,000 Employee Options</td>
</tr>
</tbody>
</table>

1. Securities held by Hickshay Pty Ltd as trustee for Hicks Family Trust.
2. Ian Hicks currently holds $383,705 Convertible Notes and has committed to take up a further $500,000 prior to the Opening Date but this may be scaled back if there is sufficient demand.
3. These holdings have been calculated assuming the full $500,000 is invested.
4. Securities held by Hontani Pty Ltd as trustee for J R Ayre Investment Trust and J&L Superannuation Pty Ltd as trustee for the J&L Superannuation Fund.
5. John Ayre currently holds $552,836 Convertible Notes and has committed to take up a further $250,000 prior to the Opening Date but this may be scaled back if there is sufficient demand.
6. These holdings have been calculated assuming the full $250,000 is invested.
7. Held via his superannuation fund.

---

### What significant benefits are payable to Directors?

<table>
<thead>
<tr>
<th>Officer</th>
<th>Type of benefit</th>
<th>Amount (inclusive of superannuation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Reeves, Independent Chairman</td>
<td>Directors fees</td>
<td>$120,000 per annum</td>
</tr>
<tr>
<td>Ian Hicks, Deputy Chairman¹</td>
<td>Directors fees</td>
<td>$54,000 per annum</td>
</tr>
<tr>
<td>Suzanne Douglas, Independent Director</td>
<td>Directors fees</td>
<td>$60,000 per annum</td>
</tr>
<tr>
<td>John Ayre, Non-Executive Director⁶</td>
<td>Directors fees</td>
<td>$42,000 per annum</td>
</tr>
<tr>
<td>Brett Charlton, CEO</td>
<td>Salary</td>
<td>$400,000 per annum</td>
</tr>
<tr>
<td>Brett Coventry, CFO</td>
<td>Salary</td>
<td>$300,000 per annum</td>
</tr>
</tbody>
</table>

1. Ian Hicks has resigned from the Board with effect from the date of Listing.
2. John Ayre has resigned from the Board with effect from the date of Listing.
## 1. Investment Overview

### 1.7 Significant interests of key people and related party transactions

<table>
<thead>
<tr>
<th>Related parties</th>
<th>Restricted security holder</th>
<th>Restricted securities</th>
<th>Number of restricted securities</th>
<th>Period of restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related parties</td>
<td>Certain of Ian Hicks’ and John Ayre’s existing Shares</td>
<td>Up to 6,638,697 existing Shares&lt;sup&gt;1&lt;/sup&gt;</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>At least 25% of Ian Hicks’ and John Ayre’s Conversion Shares</td>
<td>2,224,547 Conversion Shares&lt;sup&gt;2&lt;/sup&gt;</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All of Brett Charlton’s and Brett Coventry’s Employee Options</td>
<td>750,000 Employee Options</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All of Brett Coventry’s Conversion Shares</td>
<td>37,653 Conversion Shares&lt;sup&gt;3&lt;/sup&gt;</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>At least 25% of John Armstrong’s Conversion Shares&lt;sup&gt;4&lt;/sup&gt;</td>
<td>At least 121,851 Conversion Shares</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td>Certain Existing Shareholders</td>
<td>All of the Shares transferred for nil consideration from the Founders as part of the 2018 rights offer</td>
<td>2,310,356 existing Shares</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All of the Shares received for nil consideration (excludes Shares held by the Founders)</td>
<td>1,190,000 existing Shares</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>Convertible Noteholders</td>
<td>At least 25% of their Conversion Shares</td>
<td>At least 7,670,949 Conversion Shares</td>
<td>12 months (24 months in the case of Ian Hicks, John Ayre, John Armstrong and Brett Coventry)</td>
<td></td>
</tr>
<tr>
<td>Founders</td>
<td>All of their existing Shares</td>
<td>2,040,644 existing Shares</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td>Viridian and its associates&lt;sup&gt;5&lt;/sup&gt;</td>
<td>All of their existing Shares and Settlement Shares</td>
<td>630,000 existing Shares</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,722,222 Settlement Shares</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Terry Sinclair</td>
<td>All of his Settlement Shares</td>
<td>400,000 Settlement Shares</td>
<td>24 months</td>
<td></td>
</tr>
</tbody>
</table>

---

1. Shares held through entities controlled by Ian Hicks and John Ayre.
2. Shares held through entities controlled by Ian Hicks and John Ayre.
3. Held via his superannuation fund.
4. John Armstrong is a former director of the Company who resigned on 29 October 2018.
5. 630,000 existing Shares represents the total number of shares held by Viridian’s associates (David Perazzo, Cathryn Perazzo, Airwire Pty Ltd as trustee for the Ararat Frontage Trust and Boursicaut Pty Ltd as trustee for the Stevens Family Trust).
### 1.8 Key Offer terms

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who is the issuer of this Prospectus?</td>
<td>irexchange Limited ACN 612 319 276.</td>
<td>Section 7.1</td>
</tr>
<tr>
<td>What is the Offer?</td>
<td>The Offer comprises the:</td>
<td>Section 7.1</td>
</tr>
<tr>
<td></td>
<td>• <strong>Broker Firm Offer and General Offer:</strong> the issue of 19,444,444 New Shares at an Offer Price of $0.90 to raise $17,500,000;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• <strong>Convertible Noteholder Offer:</strong> the issue of 30,683,796 Conversion Shares to be issued to Convertible Noteholders on the conversion of all outstanding principal and interest owed under the Convertible Notes;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• <strong>Settlement Share Offer:</strong> the issue of 5,122,222 Settlement Shares in aggregate to Viridian and Terry Sinclair to settle various obligations and liabilities to those parties; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• <strong>Option Offer:</strong> the issue of 291,667 Options in aggregate to the Lead Manager. The Exercise Price of each Option will be $1.35 (being a 50% premium to the Offer Price).</td>
<td></td>
</tr>
<tr>
<td>Are there any conditions to Completion?</td>
<td>This Offer is contingent on the Company obtaining:</td>
<td>Sections 7.2, 7.13 and 9.3.3</td>
</tr>
<tr>
<td></td>
<td>• shareholder approval to:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– undertake the Offer, including to issue the New Shares, Settlement Shares and Options, as described in this Prospectus; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– adopt the Constitution;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• agreement from the relevant Convertible Noteholders whose Convertible Notes mature prior to Completion to extend the maturity date of their respective Convertible Notes (see Section 9.3.3 for further information); and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• parties whose securities will be subject to escrow entering into appropriate escrow agreements.</td>
<td></td>
</tr>
<tr>
<td>How will the Company use the funds raised from the issue of the New Shares?</td>
<td>The proceeds received by irexchange from the issue of New Shares under the Offer will be used for:</td>
<td>Section 7.5</td>
</tr>
<tr>
<td></td>
<td>• working capital to further develop the Company’s platform and to expand the Company’s operations geographically and into other channels;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• to pay for the costs of the Offer;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• to pay $750,000 to Viridian as partial consideration for the Vision software; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• to pay $600,000 to the Founders for consultancy services in connection with the Listing.</td>
<td></td>
</tr>
<tr>
<td>What will be the Company’s ASX code?</td>
<td>The Company will apply for admission to the Official List on the ASX and quotation of Shares on the ASX under the code “IRX”.</td>
<td>Section 7.23</td>
</tr>
</tbody>
</table>
1. Investment Overview

### 1.8 Key Offer terms

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>For more information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How is the offer of New Shares structured?</strong></td>
<td>The offer of New Shares comprises:</td>
<td>Section 7.3</td>
</tr>
<tr>
<td></td>
<td>• <strong>Broker Firm Offer</strong>: open to Retail Investors in Australia who have received a firm allocation from their broker; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• <strong>General Offer</strong>: open to retail investors who have a registered address in Australia and certain Institutional Investors in Australia, New Zealand and certain other jurisdictions around the world, who are not in the United States and are not US Persons.</td>
<td></td>
</tr>
<tr>
<td><strong>How can I apply for Offer Securities?</strong></td>
<td><strong>Broker Firm Offer</strong>&lt;br&gt;Applicants may apply for New Shares under the Broker Firm Offer by completing a Broker Firm Application Form and lodging it with the Broker who invited them to participate in the Offer.</td>
<td>Sections 7.7, 7.8, 7.9, 7.10 and 7.11</td>
</tr>
<tr>
<td></td>
<td><strong>General Offer</strong>&lt;br&gt;Applicants may apply for New Shares under the General Offer by completing and lodging the online General Offer Application Form that will accompany the electronic form of this Prospectus in accordance with the instructions set out on that online form.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Convertible Noteholder Offer</strong>&lt;br&gt;This offer only applies to existing Convertible Noteholders.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Settlement Share Offer</strong>&lt;br&gt;This offer only applies to Viridian and Terry Sinclair.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Option Offer</strong>&lt;br&gt;This offer only applies to the Lead Manager.</td>
<td></td>
</tr>
<tr>
<td><strong>What is the allocation policy?</strong></td>
<td>The allocation of New Shares between the Broker Firm Offer and the General Offer will be determined by the Lead Manager by agreement with the Company, having regard to the allocation policies. With respect to the Broker Firm Offer, it will be a matter for Brokers to determine how they allocate New Shares among their eligible retail clients.</td>
<td>Section 7.6</td>
</tr>
<tr>
<td><strong>What is the minimum Application size?</strong></td>
<td>$2,000.70 worth of New Shares.</td>
<td>Section 7.6</td>
</tr>
<tr>
<td><strong>Are there any brokerage, commission or stamp duty considerations?</strong></td>
<td>No brokerage, stamp duty or commission costs are payable by Applicants on acquisition of New Shares under the Offer.</td>
<td>Section 7.17</td>
</tr>
<tr>
<td><strong>Are there tax implications?</strong></td>
<td>Investors may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of an investment in New Shares will depend on your particular circumstances, particularly for non-resident shareholders. Applicants should obtain their own tax advice prior to deciding whether to invest.</td>
<td>Section 7.20</td>
</tr>
</tbody>
</table>
2. Industry Overview
2. Industry Overview

Market Report

FMCG Retail Market in Australia

21 December 2018

The Directors
irexchange Ltd
Suite 2.02
620 Church Street
Cremorne, VIC, 3121

Dear Directors,

This report describes the fast moving consumer goods (FMCG) retail market in Australia. The report has been prepared by Frost & Sullivan on behalf of irexchange Limited (trading as irexchange, and hereafter known as IRE or the Company).

All currency quoted in this report refers to Australian dollars (A$) unless specified otherwise.

2.1 Introduction

IRE operates a platform that links suppliers and retailers, allowing transactional relationships between these two groups that eliminates the need for conventional wholesalers in the supply chain. With partner support, IRE also manages physical distribution of items from suppliers to retailers, including distribution centres and last-mile delivery. IRE’s platform allows greater margin for suppliers and retailers (by eliminating wholesaler margins, which can be shared between suppliers and retailers), and provides greater transparency between the parties.

The Company’s current focus is primarily on the FMCG retail industry. The FMCG industry manufactures and distributes products for consumers that are purchased and used on a frequent basis, such as food & beverage, health & personal care, pet care, home care products and liquor. These products are usually sold through third-party retail outlets, most commonly supermarkets or similar grocery outlets.

IRE’s focus is on market segments currently being served by wholesalers, which primarily comprise independent supermarket & grocery stores, including convenience and liquor stores, many of which are currently served by major wholesaler Metcash. Additionally, IRE is targeting the community pharmacy sector, as many pharmacies have a strong product focus on FMCG items, such as nutritional and health & personal care products.

2.2 Definition of Industry Sectors

Four industry sectors which undertake retailing of FMCG items are included in this report. These are described in more detail below:

Supermarket & Grocery retailing involves sale of FMCG products through supermarkets (large retail outlets that sell a range of FMCG items across multiple categories), excluding specialist retailers generally selling a single category (such as greengrocers, bakers and butchers).

Petrol & Convenience (P&c) retailing is undertaken in convenience stores (small stores with limited product ranges that have extended opening hours). These stores may be co-located with a petrol station, or are standalone convenience stores located in urban locations.

Pharmacy retailing involves sale of FMCG items in community pharmacies (i.e. excluding hospital pharmacies). Although dispensing of medicines is the prime activity of community pharmacies, many also sell a wider range of non-prescription healthcare products and other FMCG items (such as health & personal care products).

Liquor retailing involves sale of alcoholic beverages in licensed liquor outlets for consumption off-premises (packaged liquor licences). Licensing of liquor outlets is a state-based function in Australia, with specific licensing requirements in each state and territory.

Other definitions used in this report are described below.

Food service involves businesses and organisations that prepare meals for consumption outside the home, including cafés, bars, restaurants, schools and other institutions. Food and liquor products are generally supplied to these operators by specialist food service wholesalers and distributors.
Tobacco retailing involves the sale of cigarettes and other tobacco products. This generally occurs in petrol & convenience stores, supermarkets & grocery stores and liquor outlets as well as specialist tobacconists. As with other FMCG items, distribution of tobacco products is partly undertaken through wholesalers.

Independent retailers are defined as all supermarket and grocery retailers other than Woolworths, Coles, Aldi and Costco and their various retail brands.

In the P&C, pharmacy and liquor sectors combined there are approximately 18,300 individual outlets across Australia. Data on the number of supermarket & grocery outlets is not available, although based on Australian Bureau of Statistics (ABS) data there are approximately 9,500 active businesses with ABNs (Australian Business Numbers) in this sector, however this will include many businesses in the P&C sector.

| Table 1: Retail ABNs or Outlets by Sector and State/Territory, 2018 |
|-----------------------------|------------------|----------------|---------------|-------|------|------|------|-------|
|                             | NSW              | VIC             | QLD           | SA    | WA   | TAS  | ACT  | NT    | Total |
| Supermarket & Grocery*      | 2,998            | 2,903           | 1,757         | 560   | 768  | 245  | 146  | 128   | 9,505 |
| Petrol & Convenience**      | 1,897            | 1,843           | 1,106         | 356   | 501  | 157  | 97   | 85    | 6,042 |
| Pharmacy                    | 1,864            | 1,346           | 1,130         | 454   | 611  | 149  | 75   | 36    | 5,665 |
| Liquor                      | 2,494            | 2,063           | 817           | 198   | 593  | 88   | 205  | 95    | 6,553 |

* data is active ABNs
** some double-counting, as some P&C retailers are also included in supermarket & grocery category. Only major P&C retailers who are members of the Australian Association of Convenience Stores (AACS) are included in the P&C category.


### 2.3 Supermarket & Grocery Retailing

#### 2.3.1 Industry Structure

The supermarket & grocery retailing sector is dominated by two companies – Woolworths and Coles. However, the entry of German retailer Aldi into Australia in 2001, followed by the subsequent entry of US warehouse retailer Costco in 2009, has significantly changed industry dynamics. In addition to these four groups, there are a large number of other supermarket & grocery retailers (defined as “independents” in this report), including those operating under the IGA and Foodland banners (IGA and Foodland are owned by Metcash, which supplies IGA and Foodland retailers on a wholesale basis, although a majority of retailers themselves are independently-owned). Other banner groups include FoodWorks and SPAR.

Supermarket & grocery retailers are supplied by both domestic and international product manufacturers. In Australia, the food & grocery manufacturing industry includes approximately 36,000 businesses with industry revenue of $131 billion in 2017, including $33 billion of exports.

Larger supermarket & grocery retailers, such as Woolworths, Coles, Aldi and Costco, deal directly with suppliers with no involvement from wholesalers or other aggregators in the supply chain. Independent retailers, on the other hand, partially source products through wholesalers, of which the largest is Metcash. Additionally, independent retailers may source products directly from suppliers or manufacturers and through other wholesalers.

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1. In November 2018, Wesfarmers shareholders approved the demerger of Coles Group Limited (Coles), with effect from November 20th.
2. Banner groups provide a range of services to independent retailers such as centralised procurement, marketing & advertising and operations. Some banner groups own private label brands which are supplied to members. The principal difference between franchises and banner groups is that franchisees generally have a profit-share arrangement with the master franchisor.
2. Industry Overview

2.3.2 Size & Growth of Retail Sales

In 2018, total retail sales through supermarket & grocery stores reached just under $107 billion (this includes non-petrol convenience store sales, but excludes specialised food retailers such as butchers, fishmongers and greengrocers. Liquor sales are also excluded). Over the past five years, retail sales have increased at a compound annual growth rate (CAGR) of 3.5%, and are forecast to reach $117 billion by 2021.4

Figure 1: Supermarket & Grocery Sales, 2014 to 2021F

![Graph showing supermarket & grocery sales from 2014 to 2021F.]

Source: Australian Bureau of Statistics (ABS), 8501.0 – Retail Trade, Australia, Aug 2018; Frost & Sullivan forecasts. Supermarket & Grocery sales include supermarket and grocery stores and non-petrol sales (convenience stores) of selected fuel retailing.

The split of sales by state/territory largely matches population distribution, with NSW, VIC and QLD collectively accounting for over three-quarters of sales.

Figure 2: Supermarket & Grocery Sales Split by State/Territory, 2018

![Pie chart showing the distribution of supermarket & grocery sales by state/territory in 2018.]

Source: Australian Bureau of Statistics (ABS), 8501.0 – Retail Trade, Australia, Aug 2018.

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4 Australian Bureau of Statistics (ABS), 8501.0 – Retail Trade, Australia, Aug 2018; Frost & Sullivan forecasts.
2.3.3 Competitive Environment

Supermarket & grocery retailing is dominated by Woolworths, Coles and Aldi. Metcash is also a significant participant, acting as a wholesale supplier to independent retailers that operate under its banners, including IGA and Foodland. Summary data on each company is given below.

Table 2: Major Supermarket & Grocery Retailers, Summary Data, 2018

<table>
<thead>
<tr>
<th>Company</th>
<th>Brands</th>
<th>Outlets</th>
<th>Retail Sales ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woolworths – Australian Food</td>
<td>Woolworths</td>
<td>1,008</td>
<td>37,379</td>
</tr>
<tr>
<td>Woolworths – Endeavour Drinks</td>
<td>BWS, Dan Murphys, Cellarmasters</td>
<td>1,545</td>
<td>8,271</td>
</tr>
<tr>
<td>Woolworths – Total*</td>
<td></td>
<td>2,553</td>
<td>45,650</td>
</tr>
<tr>
<td>Coles – Supermarkets</td>
<td>Coles</td>
<td>809</td>
<td>30,200</td>
</tr>
<tr>
<td>Coles – Liquor</td>
<td>Liquorland, Vintage Cellars, First Choice</td>
<td>899*</td>
<td>3,314</td>
</tr>
<tr>
<td>Coles – Convenience</td>
<td>Coles Express</td>
<td>711</td>
<td>5,761**</td>
</tr>
<tr>
<td>Coles – Total</td>
<td>Aldi</td>
<td>2,419</td>
<td>39,275</td>
</tr>
<tr>
<td>Aldi***</td>
<td>Aldi</td>
<td>~540</td>
<td>8,100</td>
</tr>
<tr>
<td>Metcash – Food</td>
<td>IGA, Foodland</td>
<td>~1,600 (independently owned, Metcash supplied)</td>
<td>8,900 (wholesale sales)</td>
</tr>
<tr>
<td>Metcash – Liquor</td>
<td></td>
<td>~2,700 (independently owned, Metcash supplied)</td>
<td>3,465 (wholesale sales)</td>
</tr>
<tr>
<td>Metcash – Total****</td>
<td></td>
<td>~4,300 (independently owned, Metcash supplied)</td>
<td>12,365 (wholesale sales)</td>
</tr>
</tbody>
</table>

* excludes hotels.
** includes petrol.
*** ALDI estimates based on publicly available information.
**** excludes Hardware. Metcash reports wholesale revenue by division. Revenues have been grossed up at an estimated gross margin of 25% to provide estimated retail sales for Metcash-supplied retailers.

Sources: Woolworths, company results presentation FY18; Wesfarmers, Demerger of Coles – Briefing Presentation, October 2018; Metcash annual report, 2018.

Retailer market shares have been estimated based on reported or estimated revenues and total supermarket & grocery retail sales as reported by the ABS. This includes sales through supermarket & grocery and P&C outlets (non-fuel), as defined in this report.

In 2018, Woolworths and Coles accounted for a cumulative 69% of supermarket & grocery (including non-fuel P&C) sales, with Aldi a further 8%. Total share of independents, including Metcash-supplied (generally IGA and Foodland branded), P&C groups and other independent operators, was 22%.

5 Australian Bureau of Statistics (ABS), 8501.0 – Retail Trade, Australia, Aug 2018.
6 Frost & Sullivan estimates, based on Australian Bureau of Statistics (ABS), 8501.0 – Retail Trade, Australia, Aug 2018 and company annual reports and presentations.
2. Industry Overview

Since 2014, the major changes in market share have included an increase for Aldi (largely driven by an aggressive store-opening strategy) as well as other independents such as P&C operators.

Independents in the supermarket & grocery sector include those supplied by Metcash, generally operating under a small number of banners including IGA and Foodland, as well as other independent groups and single-store operators. Some of the larger independent supermarket & grocery groups are listed below.
### Table 3: Leading Independent Supermarket & Grocery Groups, 2018

<table>
<thead>
<tr>
<th>Company</th>
<th>Outlets</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metcash banners, e.g. IGA, Foodland</td>
<td>~1,400 IGA</td>
<td>Banner groups for independent retailers</td>
</tr>
<tr>
<td></td>
<td>~100 Foodland</td>
<td></td>
</tr>
<tr>
<td></td>
<td>~100 other</td>
<td></td>
</tr>
<tr>
<td>Australian United Retailers Limited</td>
<td>&gt;500</td>
<td>Operates primarily under FoodWorks brand (370 outlets). Supports over $2 billion in sales</td>
</tr>
<tr>
<td>SPAR</td>
<td>150</td>
<td>Retail stores are operated as franchises. $328 million in retail sales</td>
</tr>
<tr>
<td>Drakes Supermarkets</td>
<td>&gt;50</td>
<td>Operates in SA and QLD. Sales over $1 billion. Operates under IGA brand in QLD</td>
</tr>
<tr>
<td>Supabarn</td>
<td>11</td>
<td>Supabarn and Supaexpress brands. Operates in ACT and NSW</td>
</tr>
</tbody>
</table>

Sources: company websites

In 2018, independent supermarket & grocery stores (including P&C retailers) are estimated to account for 22% of supermarket & grocery retail sales ($23.5 billion). This has increased from an estimated 20% ($18.6 billion) in 2014.7

**Figure 5: Retail Sales and Market Share of Independent Supermarket & Grocery (Including P&C) Retailers, 2014 and 2018**

![Retail Sales and Market Share Graph](image)

Source: Frost & Sullivan estimates, based on Australian Bureau of Statistics (ABS), 8501.0 – Retail Trade, Australia, Aug 2018 and company annual reports and presentations.

### 2.3.4 Supply Chain

Wholesalers are an important element in the supply chain for supermarket & grocery products, acting between product suppliers and independent retailers. Whilst larger retailers liaise with and procure directly from suppliers, as well as managing their own supply chains, independent retailers often lack the scale and resources to maintain direct relationships with suppliers. They also lack the scale to invest in their own supply and logistics infrastructure. Use of wholesalers allows the retailer to benefit from the buying power of the wholesaler, who is able to aggregate purchasing volumes from multiple independent retailers. Wholesalers also provide a supply chain infrastructure for the retailer. For suppliers, wholesalers reduce the need

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7 Frost & Sullivan estimates, based on Australian Bureau of Statistics (ABS), 8501.0 – Retail Trade, Australia, Aug 2018 and company annual reports and presentations.
2. Industry Overview  

Continued

to maintain the large salesforces, merchandising and administrative staff required to deal with large numbers of small retail customers.

The major disadvantage of the wholesale model is the addition of extra margin in the value chain between suppliers and retailers, with the wholesaler adding a margin to that of the supplier. This means that product supply costs for retailers supplied through wholesalers are generally higher than for those supplied directly by suppliers, reducing margin for retailers. Additionally, the presence of an intermediary in the supply chain restricts direct contact between suppliers and retailers, at a time when major supermarket & grocery retailers are looking to build closer relationships with suppliers.

The largest wholesaler in the supermarket & grocery sector is Metcash, which supplies approximately 1,600 independently-owned supermarket and grocery businesses, most of which operate under the IGA banner owned by Metcash. Metcash was formed through the acquisition of various state-based grocery and liquor wholesalers by South African retailer, Metro Cash and Carry, ahead of a listing on the ASX. Metcash operates 7 major distribution centres (DCs) and 11 smaller DCs across Australia.8

In recent years, Metcash supermarket & grocery revenue has declined, largely attributed to loss of market share by IGA supermarkets in the face of increased competition from Coles and Woolworths, in addition to the continued expansion of Aldi in both store numbers and geographies served. In 2018, Metcash announced that Drakes Supermarkets in SA would not make a commitment to have its supermarkets in SA supplied from Metcash’s proposed new DC in SA, once the existing supply contract expires in 2019, with Drakes announcing plans to build its own DC in SA.9

Figure 6: Metcash Australian Food Revenue, 2014 to 2018

![Metcash Australian Food Revenue Chart](chart_url)

Source: Metcash annual reports

The only other significant grocery wholesaler to the retail sector is SPAR Australia, which supplies grocery products, marketing and retail support services to approximately 300 independent retail supermarkets including the SPAR and 5 STAR banner groups located in QLD, NSW, ACT and NT. SPAR distributes from a large distribution centre in Brisbane, with just under 9,000 product lines. There are approximately 150 shops operating under the SPAR banner.10 In 2017, SPAR achieved retail sales of approximately $328 million in Australia.11

Other wholesalers/distributors such as PFD Food Services and Bidvest primarily service the food service sector (cafes, restaurants, commercial kitchens etc.) although they may also have some retail customers.

Total industry revenue for the Grocery, Liquor & Tobacco Products Wholesaleing industry in 2017 was $86.4 billion. Since 2013, this has increased at a CAGR of 5.8%.12

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8 https://www.metcash.com/about-us/australias-leading-wholesaler/
11 http://spar-international.com/country/australia/
12 ABS, 8155.0 – Australian Industry, 2016-17.
2.3.5 Industry Trends

A number of trends are driving ongoing change in the supermarket & grocery sector in Australia. Some of the major trends are described in more detail below.

**Ongoing Price-based Competition**

The intense price-based competition between incumbent retailers, the entry of Aldi and Costco into the Australian market (companies for which price-based competition is a key differentiator) as well as ongoing pressure on household budgets has led to a growing focus on price as a major competitive weapon. This pricing approach is used to defend market share in the face of new entrants and channels, as well as achieving category growth, and often requires price support by the supplier as well as the retailer. The overall impact has been to pass pressures down the supply chain, with major suppliers under pressure to reduce prices to help to fund retailer-based price competition. Major Australian supermarket & grocery retailers have maintained high gross margins by global standards despite downward pressure on retail prices. For example, in 2018 the gross margin of Woolworth’s Australian Food division was 29.1%, up from 28.6% in 2017.\(^\text{13}\)

Price-based competition is therefore leading to downward price pressure in supply chains, with margins being squeezed for manufacturers and wholesalers, as well as for independent retailers competing with major groups.

An overall impact has been price deflation in the supermarket & retail sector. For example, Coles Supermarkets witnessed price deflation of 2% (excluding tobacco) in 2018, the ninth consecutive year of price deflation.\(^\text{14}\)

**Competition from New Entrants and New Business Models**

New entrants using new business models are also challenging market incumbents in the supermarket & grocery sector. For example, US eCommerce giant Amazon offers significant potential competition for incumbent retailers. Amazon launched local operations in Australia in late-2017, and currently offers around 80 million products in 26 categories.\(^\text{15}\) Following its acquisition of Whole Foods, Amazon has actively expanded its Grocery division, Amazon Fresh, which saw sales growth of over 50% in major markets such as the USA, UK and Germany in 2017.\(^\text{16}\) The potential launch of Amazon Fresh in Australia, which has been flagged for some time, would add a significant new competitor to the supermarket & grocery sector.

**Technology Supporting Cost Reduction**

To support the maintenance of profitability in face of overall price deflation in sales, supermarket operators are aggressively reducing operating costs, particularly labour, with technology increasingly deployed to increase the levels of automation in their store operations and wider supply chains. This is a major factor, for example, behind the roll-out of self-service

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\(^\text{13}\) Woolworths Group Final profit and dividend announcement for the 52 weeks ended 24 June 2018.

\(^\text{14}\) Wesfarmers annual report, 2018.


checkouts which reduces in-store labour. In the supply chain, major groups are also investing in technology solutions to automate areas such as warehousing and distribution. For example, Coles has announced a major project to develop two new automated ambient distribution centres over the next five years.17

**Increased Regulatory Focus on Supplier-Wholesaler-Retailer Relationships**

Over recent years, there has been enhanced public concern over the conduct of supermarket & grocery retailers towards their suppliers. In response, the Food & Grocery Code of Conduct (Grocery Code) was introduced in 2015, an industry-led initiative jointly developed by Coles, Woolworths and the Australian Food and Grocery Council (a supplier representative organisation). The Government agreed to prescribe the Grocery Code under the Competition and Consumer (Industry Codes—Food and Grocery) Regulation 2015. The Code is designed to help to regulate standards of business conduct in the supply chain, ensure transparency and certainty in business transactions, provide an effective, fair and equitable dispute resolution process and promote and support good faith in commercial dealings.18 Currently, four retailers (including Woolworths, Coles and Aldi) have signed up to the Code.

A recent review of the Code identified that its provisions are equally important in governing wholesaler-supplier as well as retailer-supplier relationships. However, to date, the largest food & grocery wholesaler, Metcash, has not signed up to the Code, despite the recommendations of the review that it should. The review received complaints from suppliers around the relationship with Metcash, such as unilateral demands, forensic accounting practices to off-set amounts owed without the supplier’s consent, failure to comply with promotional terms, and requiring payments above reasonable costs to conduct study tours. The review recommended that the Government should introduce a separate targeted mandatory code to apply to major participants that refuse to become signatories to the voluntary Grocery Code, as well as amending the code so that wholesalers are subject to the same Grocery Code obligations as retailers (including the general conduct provisions in Part 3), except for customer facing provisions that are only relevant to retailers.19

**Growth of Niche, Differentiated Suppliers**

Over recent years, larger established FMCG suppliers have seen sales plateau or even fall, whilst many new, smaller and innovative suppliers have seen strong growth in sales. These suppliers often supply relatively niche products, based on factors such as health, wellness, authenticity, natural/better-for-you and provenance. Whilst sales at the top-20 food & grocery suppliers have been flat, sales at small companies have increased by 11% on average in 2016. Factors behind this trend include the enhanced ability of smaller producers to market products in low-cost ways through social media, the ability of smaller companies to innovate and bring products to market faster, and the ability of smaller companies to benefit from centralised procurement by major retailers, reducing the need for large sales teams.20 For these suppliers, independent retailers can often be an initial entry point to the supermarket & grocery sector, with independents interested in offering new products that allow differentiation against major retail groups.

### 2.4 Petrol & Convenience Retailing

#### 2.4.1 Industry Structure

The P&C sector is more fragmented than supermarket & grocery retailing, with participants including retail fuel providers as well as operators of standalone convenience stores. Most P&C stores operate under banner groups or franchise arrangements. Gross margins in P&C stores are generally higher than in supermarket & grocery outlets, reflecting the higher prices charged for consumers who are prepared to pay for convenience, as well as more inefficient supply chains. In 2017, average profit margins for P&C retailers were over 33%, higher than typical gross margins in the supermarket & grocery sector.21

Whilst P&C retailers face the challenge of selling products at significantly higher prices than larger supermarket & grocery retailers, they have the advantage of offering convenience in shopping for basic household items to an increasingly time-poor population. P&C retailers are also broadening their product offer into categories such as fresh food and on-the-go meals and beverages.

Major participants in the P&C channel are summarised below.

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17 Wesfarmers, Demerger of Coles – Briefing Presentation, October 2018.
Table 4: Leading P&C Groups, 2018

<table>
<thead>
<tr>
<th>Company</th>
<th>Outlets</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>UCB</td>
<td>1,021</td>
<td>Banner group for operators of My Local Store and fast&amp;easy stores</td>
</tr>
<tr>
<td>Coles Convenience</td>
<td>711</td>
<td>Operates as Coles Express</td>
</tr>
<tr>
<td>7-Eleven</td>
<td>~650</td>
<td>Mix of franchised and company-owned stores (majority franchised). $1.4 billion in non-fuel sales</td>
</tr>
<tr>
<td>New Sunrise</td>
<td>~650</td>
<td>Buying and marketing group for store operators</td>
</tr>
<tr>
<td>Caltex (Star Mart)</td>
<td>~500</td>
<td>Convenience stores located at petrol sites. In 2017, Caltex generated $270 million of non-petrol sales from its stores. Acquiring franchises aligned to Woolworths</td>
</tr>
<tr>
<td>BP (BP Connect, BP Store, BP Shop)</td>
<td>~320</td>
<td>3 convenience store formats co-located with fuel outlets</td>
</tr>
<tr>
<td>United</td>
<td>~300</td>
<td>Operates in all states. Recently acquired Pie Face brand</td>
</tr>
<tr>
<td>Puma</td>
<td>270</td>
<td>Brands include Puma, Matilda, Gull, Choice Petroleum and Peak</td>
</tr>
<tr>
<td>Ezy Mart</td>
<td>&gt;200</td>
<td>Operates in NSW, QLD, VIC, SA</td>
</tr>
<tr>
<td>Lucky 7</td>
<td>150</td>
<td>Banner owned by Metcash</td>
</tr>
<tr>
<td>On the Run</td>
<td>135</td>
<td>Operates in SA</td>
</tr>
<tr>
<td>Think Convenience (NightOwl)</td>
<td>~70</td>
<td>Franchised stores, operate in QLD, NSW and WA</td>
</tr>
</tbody>
</table>

Sources: company websites.

2.4.2 Size & Growth of Retail Sales

Non-fuel P&C retail sales are included within supermarket & grocery sales as described in Section 2.3.2. However, based on industry sales data supplied by the AACS, separate analysis of non-fuel P&C channel sales is also available. In 2017, P&C channel retail sales were approximately $8.4 billion. By 2021, P&C sales are forecast to reach approximately $9.3 billion. Growth in retail sales from 2014 to 2017 has been 3.3% CAGR, in line with sales growth in the broader supermarket & grocery sector. Almost 40% of P&C sales are from tobacco products.

Figure 8: Petrol & Convenience Sales, 2014 to 2021F

Sources: AACS State of the Industry reports; Frost & Sullivan forecasts

23 Frost & Sullivan forecast.
Food is the largest category in the P&C channel by retail sales, followed by tobacco and non-food items such as personal care products and general merchandise.

**Figure 9: P&C Channel Retail Sales, by Category, 2017**

- Tobacco 38%
- Food 45%
- Non-food 17%


### 2.4.3 Competitive Environment

Information on market share in the P&C sector is relatively sparse, as many industry participants do not release revenue data. The industry is fragmented, with 7-Eleven and Coles Convenience estimated to be market leaders by revenue.

**Figure 10: Non-fuel Petrol & Convenience Market Shares by Revenue, 2018**

- 7-Eleven 16%
- Coles Convenience 14%
- Others 70%

Source: Frost & Sullivan estimates. Coles Convenience assumes 20% of sales are non-fuel.

### 2.4.4 Supply Chain

The supply chain into the P&C sector involves a number of sources including direct supply by manufacturers, vertically-integrated retailers with their own supply infrastructure and use of wholesalers and distributors. Wholesalers active in the P&C sector include Metcash.
2.5 Pharmacy Retailing

2.5.1 Industry Structure

The community pharmacy industry is highly fragmented, reflecting Commonwealth and state-based regulatory restrictions that limit new pharmacy openings, mandate that pharmacies must be owned by a licensed pharmacist and limit a single pharmacist to ownership of a maximum number of pharmacies (for example, 5 in NSW and Queensland). However, many pharmacies, whilst independently-owned, operate as part of franchise or banner groups, several of which are operated by the major wholesalers supplying to the sector. These wholesalers supply a significant portion of the products sold through their banner pharmacies.

<table>
<thead>
<tr>
<th>Group</th>
<th>Outlets</th>
<th>Operator</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemist Warehouse</td>
<td>&gt;300</td>
<td>My Chemist Group (privately-owned, individual pharmacies are owned through equity investments by pharmacists)</td>
<td>Annual revenues estimated at over $4 billion</td>
</tr>
<tr>
<td>Terry White Chemmart</td>
<td>~400</td>
<td>EBOS (Symbion) (50% share of Terry White Group)</td>
<td>Symbion supplies over 3,500 independent and branded pharmacies</td>
</tr>
<tr>
<td>Amcal, Guardian, Chemist King</td>
<td>~350</td>
<td>Sigma Healthcare</td>
<td>Sigma Healthcare supplies over 1,600 independent and branded pharmacies</td>
</tr>
<tr>
<td>Priceline, Soul Pattison</td>
<td>~470</td>
<td>API</td>
<td>Total retail sales $2.1 billion in 2017</td>
</tr>
</tbody>
</table>


2.5.2 Size & Growth of Retail Sales

The main source of revenue for community pharmacies is dispensing fees for prescription medicines, which by law can only be dispensed through a pharmacy. These are fixed through agreements between the Pharmacy Guild and the Commonwealth Government. However, changes to the Pharmaceutical Benefits Scheme (PBS) pricing in recent years has placed downward pressure on margins from dispensing fees. This has generally led to pharmacies seeking to diversify revenue streams, such as by offering various healthcare services, as well as by offering broader ranges of non-medicinal products, such as cosmetics, nutritional products, personal care items and some general grocery items, such as confectionery.

Total revenue for community pharmacies in 2017 was $18.9 billion, an increase of just under 1% on the previous year. Overall, revenue for community pharmacies has increased at a CAGR of 6.6% over recent years, largely driven by increases in revenue from prescription medicines. Revenue from general retail sales and non-prescription medicines (including items that can only be sold in a pharmacy, including under pharmacists’ advice) has increased at a CAGR of 0.1%. However, given changes to PBS pricing arrangements, as well as a transfer of items from prescription to Over the Counter (OTC) status, Frost & Sullivan expects that revenue growth in sale of general retail items and non-prescription medicines will increase to $6.2 billion by 2021 as pharmacies place more focus on these categories.

24 Pharmacy Guild of Australia, Guild Digest, 2018.
2. Industry Overview

Continued

Figure 11: Community Pharmacy Retail Sales by Category, 2014 to 2021F

Sources: Pharmacy Guild of Australia, Guild Digests; Frost & Sullivan forecasts.

2.5.3 Competitive Environment

The estimated share of community pharmacies is given below. My Chemist Group (Chemist Warehouse) is estimated to be market leader with around 24% of retail sales through community pharmacies, followed by EBOS banners at 21%. Independent pharmacies (not affiliated with a major banner) are estimated to have 24% market share.25 Over recent years, My Chemist Group has significantly increased its market share through store openings and a strategy based on price leadership. Although official retail sales data is not published, one analyst estimates that its sales have increased from $2.7 billion in 2014 to $4.5 billion in 2018.26

Figure 12: Community Pharmacy Market Share by Revenue, 2017

Sources: Company reports, Frost & Sullivan estimates.

25 Company reports, Frost & Sullivan estimates.
2.5.4 Supply Chain

Wholesaling and distribution to community pharmacies is dominated by three companies – Sigma Healthcare, EBOS (Symbion) and API – which supply products to community pharmacies on a wholesale basis and which operate extensive distribution infrastructure.

**Sigma Healthcare** operates 15 DCs, supplying over 4,000 pharmacy locations across Australia. It is estimated to be the largest pharmacy wholesaler and distributor with one-third market share. In 2018, it achieved revenue of $4.13 billion, with gross profit of 6.9%.\(^{27}\)

**EBOS**, through its Symbion division, has 12 warehouses located around Australia which house 15,000 product lines from 550 manufacturing partners. In 2018, it earned sales of NZ$4,216 million ($3,856 million) from its Community Pharmacy division.\(^{28}\)

**API** achieved pharmacy distribution revenues of $2.96 billion in 2018.\(^{29}\)

2.6 Liquor Retailing

2.6.1 Industry Structure

Liquor retailing requires a licence (packaged liquor licence) issued by state-based licensing authorities. There are approximately 6,500 packaged liquor licences nationwide.\(^{30}\) A significant portion of these are operated by Woolworths and Coles. Many independent retailers operate under banner groups.

| Table 6: Major Liquor Retailers and Banner Groups, 2018 |
|---------------------------------|-----------------|-----------------|---------------------------------|
| Company                        | Brands          | Outlets         | Comments                        |
| Woolworths (Endeavour Drinks Group) | BWS, Dan Murphys, Cellarmasters | 1,545 | Liquor revenue of $8.3 billion |
| Coles                          | Liquorland, Vintage Cellars | 899* | Liquor revenue of $3.3 billion |
| Metcash                        | Bottlemart, Sip n Save | ~2,700 (independently-owned, Metcash supplied) | Liquor revenue of $3.5 billion |
| Liquor Marketing Group         |                   | ~1,400 | Marketing group serving independent retailers |
| Independent Liquor Group       | Super Cellars, Bottler, Liquor Co-op | ~1,500 (including hotels, clubs and bars) | Co-operative grouping of liquor outlets with several banners |
| Liquor Legends/ UrbanCellars   | Liquor Legends, UrbanCellars | ~350 | Banner group for independent retailers |
| Independent Liquor Retailers   | Local Liquor, Countrywide Liquor | ~350 | Banner group for independent retailers |
| Aldi                           | Aldi | ~260 | Holds liquor licences in some retail stores |

*excludes hotels.

Sources: Woolworths, company results presentation FY18; Wesfarmers, Demerger of Coles – Briefing Presentation, October 2018; Metcash annual report, 2018; Curtin University, a Guide to the Alcohol Industry, 2017; company websites.

\(^{27}\) Sigma Healthcare annual review, 2017/18.

\(^{28}\) EBOS annual report, 2018.

\(^{29}\) API annual report, 2018.

2.6.2 Size & Growth of Retail Sales

In 2017, retail liquor sales (excluding liquor consumed on-premises) reached approximately $17.5 billion. This is forecast to increase to $19.7 billion in 2021, at a CAGR of 3%.

Figure 13: Retail Liquor Sales, 2014 to 2021F

Retail liquor sales are largely split based on population. Relative to supermarket & grocery sales, NSW, QLD and WA have a slightly higher share of liquor sales.

Figure 14: Liquor Sales Split by State/Territory, 2018

Note: in QLD, TAS and NT liquor sales data is combined with Other Specialised Food Retailing in ABS data. Frost & Sullivan has estimated liquor sales at 53% of this category (average percentage in other states).

Sources: ALSA-IRI, State of the Industry Reports; Frost & Sullivan forecasts.

2.6.3 Competitive Environment

Woolworths is the dominant player in retail liquor sales, with market share close to 50%. Coles and Woolworths share two-thirds of the market. Independents account for the balance, including those supplied by Metcash.\(^{32}\) As with other retail sectors, a significant trend in liquor retailing has been the growing share of retailers focused on low prices, particularly Woolworths through its Dan Murphy’s brand.

**Figure 15: Retail Liquor Market Share by Revenue, 2018**

<table>
<thead>
<tr>
<th>Company</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Australian Liquor Marketers (ALM)</strong></td>
<td>Subsidiary of Metcash. Leading broad range liquor wholesaler</td>
</tr>
<tr>
<td><strong>Independent Liquor Group</strong></td>
<td>Warehouses and delivery infrastructure in NSW and VIC</td>
</tr>
<tr>
<td><strong>Hotel Liquor Wholesalers</strong></td>
<td>Owned by Liquor Marketing Group. Supplies 2,500 customers nationally, mainly members of the LMG banners</td>
</tr>
</tbody>
</table>

Sources: Frost & Sullivan estimates based on company reports.

2.6.4 Supply Chain

The supply chain in the liquor sector includes direct supply by manufacturers/importers, as well as the use of wholesalers and distributors. Main retailers in the liquor sector (Coles, Woolworths) have direct supply arrangements with liquor suppliers, as in their supermarket & grocery businesses. Independent liquor retailers typically use wholesalers as the middlemen with suppliers, and these wholesalers often offer logistics infrastructure. Wholesaling and distribution of liquor is extremely fragmented, with a large number of importers, wholesalers and distributors operating in the sector, often focusing on specific product categories. In 2017, there were 2,093 liquor and tobacco wholesaling businesses active, including 69 with 20 or more employees.\(^{33}\)

Leading wholesalers in the liquor supply chain are listed below.

**Table 7: Main Liquor Wholesalers, 2018**

Sources: company websites.

---

\(^{32}\) Frost & Sullivan estimates based on company reports.

\(^{33}\) 8165.0 – Counts of Australian Businesses, including Entries and Exits, Jun 2013 to Jun 2017.
2. Industry Overview

2.7 Conclusion

As a business focused on FMCG retail, IRE is addressing a market valued at $107 billion in retail sales for supermarket & grocery (including P&C), $6 billion for pharmacy and $18 billion for liquor, giving a total addressable market of approximately $131 billion in 2018. Whilst the retail sectors addressed by the Company are relatively concentrated (the top-2 retailers and banners have a 69% share of sales in supermarket & grocery (including P&C), 44% in community pharmacy and 66% in liquor),

there is also a substantial base of independent retail operators in each sector. In the supermarket & grocery (including P&C) sector, for example, independent operators account for an estimated 22% share, with retail sales of $23.5 billion.\(^{35}\)

The industry revenue for Grocery, Liquor & Tobacco Products Wholesaling was approximately $86 billion in 2017, and this has grown at almost 6% since 2013, approximately double the rate of GDP growth over this period.\(^{36}\)

The supply chain to independent retailers includes a mixture of direct supply by manufacturers and the use of wholesalers. The main wholesaler into the supermarket & grocery, P&C and liquor sectors is Metcash. The community pharmacy sector is primarily served by Sigma Healthcare, EBOS and API. The main disadvantage to the use of wholesalers is the addition of extra margin in the value chain between suppliers and retailers, with the wholesaler adding a margin to that of the supplier. This means that product supply costs for retailers supplied through wholesalers are generally higher than for those supplied directly by suppliers, reducing margin for retailers. In all sectors, increasing price-based competition at the retail level is being passed through to product suppliers. Additionally, independent retailers have to reduce margins to maintain price competition with major groups. The effect is to drive both independent retailers and suppliers to look for opportunities to reduce supply chain costs, including the use of alternative supply chain models to the use of wholesalers.

Frost & Sullivan considers that there are a number of factors which will continue to drive independent retailers and product suppliers to examine alternatives to existing supply chain arrangements. These include the ongoing price-based competition at the retail level, the entry of new participants with new business models and the introduction of new technologies into the supply chain.

2.8 Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in irexchange Limited and no interest in the outcome of the Offer. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the Offer. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer’s licence or Financial Services Licence. This report does not constitute advice in respect of the Offer.

Yours sincerely

Mark Dougan
Managing Director
Frost & Sullivan Australia Pty Ltd

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34 Frost & Sullivan estimates based on company annual reports and ABS data.
35 Frost & Sullivan estimate.
36 ABS, 8155.0 – Australian Industry, 2016-17.
3. Company Overview
3. Company Overview

3.1 Overview of irexchange

irexchange Limited (Company) was incorporated on 10 May 2016 for the primary purpose of disintermediating the incumbent wholesale model as it stands in the independent retail market. Since inception, irexchange has successfully commercialised and is now trading in New South Wales, Victoria, the Australian Capital Territory, Queensland and South Australia with over 170 suppliers and 600 retailers onboarded (with approximately 50% trading regularly).

At its core, irexchange is a disruptive technology and next-generation distribution business that aims to deliver fairness, transparency and efficiency to several wholesaler dominated channels including independent grocery, pharmacy, petrol and convenience (P&C), hardware and liquor. irexchange does this by enabling retailers and suppliers to transact and trade efficiently and transparently, lowering operating costs and enabling fulfillment through an efficient, technology-driven digital market-place and supply chain platform.

irexchange’s distribution model changes the relationship between retailers and suppliers by removing the costs of conventional wholesalers and enabling them to build more transparent, profitable and competitive businesses. irexchange’s digital marketplace delivers price transparency to both retailers and suppliers across a wide range of stock keeping units (SKUs) in multiple segments in the grocery, liquor, frozen and produce categories.

The Company’s distribution partners are DHL (for logistics relating to ambient-temperature goods) and Emergent Cold (for logistics relating to temperature-controlled goods). In collaboration with these partners, irexchange employs best practice flow-through distribution, which minimises stock holding and shares the “last-mile” of distribution costs across multiple retailers.

irexchange’s unique capabilities enable independent retailers to better compete at a time when they are experiencing considerable margin compression and facing substantial external threats, such as ongoing price-based competition, new entrants and new business models (see Section 5 for further details).

irexchange has onboarded over 600 independent retailers across 4 different channels, namely, independent grocery, independent liquor, pharmacy and petrol and convenience. Since inception, irexchange has raised in excess of $40 million to fund product and technology development, enhance market entry and support the rapid scaling up of its operations.

Time and investment has been required to demonstrate the efficiency and longevity of the irexchange model. This time has allowed tier 1 suppliers to be onboarded (including many top 100 FMCG suppliers), retailers to build trading confidence in the platform, an increase in order volumes and demonstration of the value that the model unlocks.

irexchange’s business model operates utilising three unique and integrated capabilities:

- a digital trading platform;
- flow-through distribution; and
- a data analytics platform.

irexchange’s digital trading platform leverages cloud-based infrastructure-as-a-service (IaaS) technologies to provide a secure, cost effective and scalable platform that is able to be integrated to customer ordering systems. irexchange’s logistics optimisation capability reduces conventional warehouse-based supply chain costs, offering a lean and agile supply chain that enables orders to be aggregated and turned around daily to allow for critical stock replenishment.

irexchange enables independent retailers to better compete in increasingly competitive industries, assisting with the creation and promotion of a sustainable, profitable business. irexchange’s technology platform removes the traditional wholesaler role, along with prohibitive costs, inventory and dictated ranges. Suppliers save on trading terms and other payments, retaining some savings and passing the remainder onto retailers via lower prices. Without the costs of traditional wholesalers, both retailers and suppliers are able to increase margins whilst also lowering retail price points.

irexchange is operating in industries that are ripe for disruption – including FMCG, petrol and convenience, tobacco, pharmacy and liquor due to:

- **margin compression** arising from consumer expectations for greater value. Greater price competitiveness from a rapidly evolving marketplace that now also includes lower priced local and international competitors;
- **demand for greater choice** by consumers, which contrasts with the traditional ‘push’ supply model that supports specific goods in high volumes in preference to greater diversity;
• legacy systems and processes which are unable to adapt to changing trends and/or accommodate consumer demand for convenience; and

• heavy reliance on physical infrastructure that is capital intensive and high cost.

In stark contrast to the traditional wholesale model, irexchange delivers value to these industries by offering:

• a transparent transactional relationship between retailers and suppliers;

• no terms of trade, leading to transparency and efficiency for independent retailers by removing the role and associated costs of the conventional wholesaler; and

• the opportunity to sell margin accretive products at lower prices which equates to an approximate margin improvement of up to 10% on the traditional wholesale source of supply.

### 3.2 Corporate history

irexchange was established in 2015 under its then legal entity, Integrated Retail Distribution Pty Ltd. In September 2015, irexchange commenced its software build phase, commercialisation and signed a software contract with Viridian to purchase their “Vision” software. In January 2016, DHL commenced as a supply chain and execution partner and the irexchange team was built out by engaging senior specialists with key expertise in FMCG, supply chain and technology.

In December 2016, irexchange acquired the Supabarn Wholesale business and operations, including staff and assets. This was a crucial acquisition as it enabled irexchange to gain a foothold in the market and begin trading with an established network of retailers and suppliers in New South Wales.

Since December 2016, irexchange has onboarded over 600 independent retailers and over 170 suppliers onto its platform, operating across New South Wales, Victoria, the Australian Capital Territory, Queensland and South Australia. Approximately 50% of onboarded retailers trade regularly. Importantly, during 2018, irexchange has seen a fourfold increase in the number of top 100 FMCG suppliers actively engaged in the platform.

### Progress to date and business plan execution

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep 2015</td>
<td>Acquisition of Supabarn Wholesale including staff and assets</td>
</tr>
<tr>
<td>Dec 2015</td>
<td>Trading commenced in NSW with 15 independent retailers, 13 suppliers and Sydney Distribution Centre (DC)</td>
</tr>
<tr>
<td>Mar 2016</td>
<td>Multi-site expansion commenced</td>
</tr>
<tr>
<td>May 2016</td>
<td>Ambient trading in SA and QLD</td>
</tr>
<tr>
<td>Jun 2016</td>
<td>Network of 240+ retailers signed up and 71 suppliers trading</td>
</tr>
<tr>
<td>Jul 2016</td>
<td>Launch of on-line trading portal</td>
</tr>
<tr>
<td>Aug 2016</td>
<td>360+ retailers signed up</td>
</tr>
<tr>
<td>Sep 2016</td>
<td>New board and management appointments</td>
</tr>
<tr>
<td>Oct 2016</td>
<td>360+ retailers onboarded</td>
</tr>
<tr>
<td>Nov 2016</td>
<td>360+ retailers onboarded</td>
</tr>
<tr>
<td>Dec 2016</td>
<td>Term sheet executed with a major cross-border B2B2C trading platform to work towards exclusive distribution of Australian and New Zealand products into Asia</td>
</tr>
</tbody>
</table>

### 3.3 Business strategy

The primary purpose of irexchange’s platform is to empower suppliers and retailers to trade directly in a transparent and cost-effective manner in order to unlock value and improve margins.

This is being achieved through the execution of 4 overarching strategies.

1. Releasing value to retailers and suppliers in the Australian independent grocery sector by removing the wholesale “middle-man”.

2. Targeting growth from other retail industries where the irexchange model will release value.
3. Company Overview  

3. Continuing to evolve the user interface of the irexchange platform to enhance trading ease for both suppliers and retailers.

4. Delivering a cost effective and efficient 4PL logistics operation.

3.3.1 Releasing value to retailers and suppliers in the Australian independent grocery sector

Net product pricing from suppliers to retailers releases value

irexchange offers independent retailers a simplified and more transparent pricing model in contrast to the opaque set of wholesaler rebates and fee models in the current market environment. Suppliers upload their pricing onto the irexchange platform via the GS1 portal. GS1 is a global organisation that develops and manages global standards including product barcodes. Suppliers use the GS1 portal to manage their industry standard data regarding their products. Then, all trading terms are passed onto the retailer in full via a transparent net product price.

For illustration purposes, in independent grocery, irexchange generates revenue by charging a nominal service fee percentage on the carton value of each order placed via its platform. To cover warehousing and handling costs, a fee per carton is charged and the retailer pays freight at cost. This is depicted in the example below.

<table>
<thead>
<tr>
<th>Price Model</th>
<th>Handling &amp; Service Fee</th>
<th>Freight cost to retailer</th>
<th>Retailers increase volumes through improved price competitiveness and improved margins</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$38.40</td>
<td>$40.66</td>
<td>$45.18</td>
</tr>
<tr>
<td>irexchange</td>
<td>$38.40 (no mark-ups or hidden fees)</td>
<td>$40.16 + 2% carton value + $1 per carton</td>
<td>$40.66 DHL &amp; Emergent Cold market rates (includes $0.50 per carton)</td>
</tr>
<tr>
<td>Traditional wholesale model</td>
<td>$38.40 (terms with held by wholesaler)</td>
<td>$44.68 wholesaler service fee – 2% volume rebate</td>
<td>$45.18 market rates (outsourced estimate of $0.50 a carton)</td>
</tr>
</tbody>
</table>

1. Traditional wholesalers charge service fees to recover handling and administrative costs; volume rebates are reduced prices provided to those buying in large quantities.

Please note that the 2% service fee and $1 per carton handling fee in the above example may vary dependent on different market scenarios and different wholesalers use different pricing models.

irexchange’s business model offers retailers significant benefits including:

- realisation of value through a reduction in “landed-in-store” cost price;
- supporting margin growth and/or reinvestment to drive sales;
- the ability to source product range from various suppliers, which can be tailored for local preferences;
- no hidden costs due to irexchange’s clear and transparent pricing model;
- consolidated direct deliveries;
- quick access to new products; and
- a user-friendly ordering portal.

Strong progress on recruitment of the top 100 FMCG suppliers

With consistent and increasing trade and ongoing business development activities, the Company has seen a material increase in the onboarding of top 100 FMCG suppliers during 2018, as suppliers see the irexchange model as a compelling alternative to traditional wholesalers and an additional route to market.
Strong progress has been made throughout 2018 to secure Top 100 FMCG suppliers.

irexchange’s business model offers suppliers significant benefits including:

- incremental volume, sales and margin;
- the opportunity to sell more in existing markets;
- the ability to market their products via catalogues, electronic direct marketing and MLOs;
- the potential to trade across four channels – grocery, petrol and convenience, liquor and pharmacy;
- no limitations on range size;
- no cost for suppliers to trade; and
- no trading terms.

The Company has attracted over 170 suppliers to the irexchange platform in the short time that the Company has been operating. The current suppliers onboarded to the Company’s platform include large multi-national, national, state and regional suppliers. Some of the well-known suppliers include such as Swisse, Bellamy’s, Reckitt Benckiser, L’Oreal, Unilever, Kraft Heinz, Kimberly Clark, Carlton and United Breweries and ABC Tissue, among others.

Open sourcing of products

irexchange’s “open sourcing” approach allows independent retailers to determine the products that they range. Unlike traditional wholesalers, irexchange provides a flow-through distribution network whereby the range of its products are not limited by the size of each warehouse.

This “open sourcing” approach enables:

- growth and efficiency opportunities to both independent retailers and suppliers by allowing for a more flexible product range;
- product ranging so that suppliers who invest in new product development will have a faster channel to market to capitalise on their investment;
- improved responsiveness to consumer demand so that independent retailers can source the right product to meet their local consumer needs; and
- local-to-national opportunities for suppliers who want to extend their reach into new markets.
3. Company Overview

Electronic direct mail promotional program
irexchange uses traditional media formats and electronic direct mail (EDM) as part of its communication strategy to independent retailers.

With the targeted and considered use of EDMs, irexchange can efficiently market its range and model to the independent retail sector buyers and owners.

In October 2018, irexchange introduced a program referred to as “Market Leading Offers” (MLO) which is a brief catalogue, concentrated on disruptive, value-releasing short term product offers. Suppliers have been willing to provide strong promotional discounts to help achieve the same or better recommended retail pricing in independent supermarkets through the irexchange business model as is currently being offered through the major grocery chains.

3.3.2 Targeting growth from other retail industries where the irexchange model will release value
irexchange has a focused growth plan to guide future expansion. The plan is borne of significant analysis undertaken across prospective sectors and has been refined through irexchange’s FMCG retail market entry experience.

Phase 1 – Expansion into similar Australian retail channels
irexchange is primarily operating in the independent grocery and liquor channels however, the pharmacy, petrol and convenience, food service and hardware channels share similar characteristics to the independent grocery and liquor channels.

In particular, the pharmacy channel shares characteristics that enable the irexchange model to release value to suppliers and retailers, especially a fragmented retailer base aligned to large incumbent wholesalers using banner groups to negotiate terms.

Similar to independent grocery and liquor, irexchange can enhance transparency and remove inefficient costs from the transaction and provide a fairer perspective to trading for retailers who operate in the pharmacy channel. At the date of this Prospectus, irexchange was in advanced discussions to partner with significant players in the pharmacy channel.

The Company is currently focusing on expanding further into the independent grocery, liquor, pharmacy and petrol and convenience sectors in the Australian market.

Phase 2 – Expansion into all Australian states and other channels and territories, specifically cross border e-commerce
irexchange’s distribution network can be leveraged to support expansion into other channels, such as international business-to-consumer (B2C) marketplaces. irexchange’s unique aggregation model allows suppliers the opportunity to engage with participants in high volume markets, such as prominent Chinese e-commerce platforms.

The Company is currently in active discussions about partnerships that will allow products listed on the irexchange portal to be traded in the international marketplace. irexchange offers a unique model to international players in that it aggregates suppliers to allow international e-commerce customers surety of supply through a trusted supply chain. With competitive pricing and a long-term commitment, an international e-commerce business is a material and attractive channel for irexchange to pursue.

The Company intends to also expand its geographical reach to include all Australian states and territories in the independent grocery, liquor, pharmacy and petrol and convenience sectors.

Phase 3 – Expansion into new territories
Following success in Australian retail channels, irexchange plans to expand the model to other international markets where high retailer and supplier fragmentation exists.
3.3.3 Continuing to evolve the user interface to enhance trading ease

The core intellectual property of irexchange is the digital trading platform which creates transparency and fairness for suppliers and retailers, along with the flow-through distribution capabilities that optimise the flow of products between them.

The system has been designed to maximise aggregation at every step in order to realise cost and scale efficiencies by minimising the time a product takes to move from supplier to retailer.

The original core software platform was built and commercialised by Viridian, an Australian application design and development business. In September 2015 the Group entered into an agreement with Viridian to acquire its software platform, ‘Vision’.

irexchange has made further significant developments to the Vision software into a unique technology platform which consists of three inter-linked components. The Company has spent approximately $20 million on product and technology development.

The Company’s business model operates utilising three unique and integrated capabilities.

1. **Digital trading platform**: this B2B platform comprises the core engine that integrates with suppliers via the GS1 National Product Catalogue for pricing information and product master data, and with retailers via both a web portal and their point-of-sale systems for ordering. The platform aggregates demand from retailers in real-time and manages the optimal ordering of product from suppliers.

2. **Flow-through distribution capabilities**: set of logistics capabilities that optimise the flow of products between suppliers and retailers. These can be used natively or in conjunction with warehouse management systems used by third party logistics providers.

3. **Data Analytics**: a set of capabilities that provide insights for the three stakeholders in the value chain, namely, retailers, suppliers and the irexchange network connecting these two parties.

The applications are cloud-hosted in Amazon Web Services (AWS) and have been developed using best-practice agile software techniques with specific emphasis on automation, extensive monitoring and alerting capabilities. This delivers a highly secure, scalable and cost-effective solution for retailers and suppliers.

The design is based on a services architecture which allows rapid change of functionality and ensures irexchange has a flexible platform that evolves with the market’s changing needs. irexchange’s analytics and business intelligence suite provides real-time product and consumer insights for retailers and suppliers.

3.3.4 Delivering cost effective and efficient 4PL logistics operations

**Flow-through distribution**

The irexchange flow-through model minimises the amount of inventory stored within the network which reduces working capital and requires substantially lower upfront investment to establish the network.

Working together with the Company’s distribution partners, DHL and Emergent Cold, irexchange will optimise the design and build of the network, to establish an efficient location and capability network across ambient and temperature-controlled Distribution Centres (DC). DCs are used to facilitate the efficient flow of products from suppliers to independent retailers. irexchange intends to use funds raised from the Listing to establish DCs in new locations around Australia, starting with Brisbane and Adelaide.

Independent retailers typically source their products either from a wholesaler or directly from the manufacturer in a direct trading relationship. By securing their range from multiple sources, it helps them broaden their product offer and meet their local/regional shopper preferences and balance their buying, operating and profit challenges. Through “open sourcing”, irexchange gives independent retailers the capability to consolidate their current wholesale and direct suppliers, broaden and tailor their product offering and lower their end-to-end in-store costs.
Partnerships – Distribution

1. Ambient-temperature logistics and 4PL – DHL

tReXchange’s 4PL partner is DHL, a global market leader in contract logistics, providing services to over 220 countries and territories and employing over 350,000 people. DHL offers a proven track record providing a diverse range of distribution and logistics solutions, particularly around the delivery of largescale 3PL and 4PL services in the retail sector.

DHL also brings extensive warehousing technology and management expertise to the relationship. tReXchange’s arrangement with DHL has been signed-off at both the regional and global board level.

A warehouse agreement has been executed with DHL under which DHL has agreed to provide warehousing services to tReXchange to facilitate its logistics operations.

tReXchange’s partnership with DHL serves as a differentiator from current wholesaler models which typically operate their own fixed footprint distribution networks that require considerable capital expenditure. By outsourcing the DC network, tReXchange remains asset-light while enabling access to the best-cost solutions available, as well as the flexibility to rapidly expand the network to support growth.

DHL is already a leading provider of logistics services to the Australian FMCG sector with national contracts in place with numerous tier 1 and tier 2 suppliers and manufacturers. The opportunity to partner with tReXchange also presents an opportunity for DHL to rapidly expand reach in the sector by deploying the distribution systems DHL has already successfully implemented internationally.

2. Cold chain logistics – Emergent Cold

In March 2018, tReXchange signed an agreement with Emergent Cold (formerly Swire Cold Storage), one of Australia’s leading temperature-controlled supply chain specialists. Texas-based Emergent Cold recently acquired the Swire Cold Storage business in Australia. In October 2018, tReXchange launched a temperature controlled market offer, initially focused on the frozen category. This has continued to expand as new suppliers and products are onboarded. The temperature controlled supply chain utilises Emergent Cold to supply warehousing and logistics services and is designed to provide the retailer with competitive value release using the same principles as detailed in the ambient network.

Emergent Cold provides cold-chain logistics services and supply chain solutions, offering temperature-controlled warehousing, refrigerated transport and distribution services, automated blast freezing and sortation, chilled and frozen storage, cross-dock order picking, value added logistic services, consolidation and import/export management programmes.
4. Financial Information
4. Financial Information

4.1 Introduction

4.1.1 Background

Integrated Retail Distribution Pty Ltd (IRD), was incorporated on 23 March 2012. As more shareholders invested in the business via capital raisings, the business was required to operate as a public company. irexchange Limited (Company) was incorporated on 10 May 2016 and on 26 July 2016, the Company acquired 100% of the shares and voting interests in IRD. The Company issued shares in itself as consideration for the acquisition of those shares. Control of the Company and IRD immediately preceding and subsequent to the transaction was the same. The historical financial information presented in this financial section has been based on the audited accounts of the Company. The FY17 information is for the period from incorporation (10 May 2016) to 30 June 2017.

4.1.2 Overview of financial information

The summary financial information for the Company in this Section 4 includes:

• Historical Financial Information, comprising the:
  – statutory historical consolidated income statements for FY17 and FY18;
  – statutory historical consolidated cash flow statements for FY17 and FY18; and
  – statutory historical consolidated balance sheet as at 30 June 2018,

(together, the Historical Financial Information); and

• Pro Forma Historical Financial Information, comprising the:
  – pro forma historical consolidated income statements for FY17 and FY18 (the Pro Forma Historical Consolidated Income Statements);
  – pro forma historical consolidated statements of cash flows for FY17 and FY18 (the Pro Forma Historical Consolidated Cash Flows); and
  – pro forma consolidated historical balance sheet as at 30 June 2018 (the Pro Forma Historical Consolidated Balance Sheet),

(together the Pro Forma Historical Financial Information).

The Historical Financial Information and the Pro Forma Historical Financial Information are collectively the Financial Information. Also summarised in this Section 4 are:

• the basis of preparation and presentation of the Financial Information (see Section 4.2);
• management’s discussion and analysis of the Financial Information (see Section 4.6); and
• the Company’s proposed dividend policy (refer to Section 4.7).

The information in this Section 4 should also be read in conjunction with the risk factors set out in Section 5, the significant accounting policies set out in Appendix B and other information contained in this Prospectus.

The Company has a 30 June financial year end. As such, any references in this Section to “FY” refer to a 30 June financial year end.

All amounts disclosed in the tables in this Section 4 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $100,000. Any discrepancies between totals and sums of components in tables or figures contained in this Prospectus are due to rounding.
4.2 Basis of preparation and presentation of the Financial Information

4.2.1 Overview

The Financial Information in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards (AAS) issued by the Australian Accounting Standards Board (AASB), which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board. The Company’s significant accounting policies are set out in Appendix B and have been consistently applied throughout the financial periods presented, unless otherwise stated.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Directors are responsible for the preparation and presentation of the Financial Information.

In accordance with AASB 8: Operating Segments, the Company has one reportable segment, being the sale of fast-moving consumer goods through its internally-developed digital trading platform.

4.2.2 Preparation of historical financial information and pro forma historical financial information

The Historical Financial Information has been extracted from the Company’s audited annual consolidated financial statements for FY17 and FY18.

The annual consolidated financial statements of the Company for FY17 and FY18 were audited by KPMG, which issued unqualified opinions.

In the consolidated financial statements for each of FY17 and FY18, without qualifying their opinion, the auditors have included in their auditor’s report, a section in accordance with the requirements of Auditing Standard ASA 570, under the heading material uncertainty related to going concern. The uncertainty relating to the Company’s going concern assumption is based on the Company being reliant on receiving additional funding including the proposed Offer in order to be in a position to pay its debts as and when they became due. The Directors are confident that, following completion of the Offer for $17.5 million, the Company will have sufficient working capital to meet its debts as they arise and to continue trading as a going concern.

The Pro Forma Historical Financial Information has been prepared solely for the purposes of inclusion in this Prospectus. The Pro Forma Historical Financial Information for FY17 and FY18 is derived from the audited consolidated financial statements of the Company, adjusted for certain pro forma adjustments. The Pro Forma Historical Consolidated Income Statements and Pro forma Historical Consolidated Cash Flows have been prepared as if the Offer had completed on 10 May 2016. The Pro Forma Historical Consolidated Balance Sheet has been prepared as if the Offer had completed on 30 June 2018.

The Pro Forma Historical Financial Information has been reviewed by KPMG Transaction Services, whose Investigating Accountant’s Report is contained in Section 8. Investors should note the scope and limitations of the report.

Refer to Section 4.3 for a reconciliation between the statutory historical consolidated income statements and the Pro Forma Historical Consolidated Income Statements for FY17 and FY18. Refer to Section 4.4.5 for a reconciliation between the statutory historical consolidated statements of cash flows and the Pro Forma Historical Consolidated Cash Flows for FY17 and FY18. Refer to Section 4.4.4 for a reconciliation between the statutory historical consolidated balance sheet of the Company, and the Pro Forma Historical Balance Sheet, as at 30 June 2018.

Investors should note that past results are not a guarantee of future performance.

4.2.3 Forecast financial information

The Company believes that revenue forecasts relating to early stage businesses are uncertain and there are a number of significant matters outside its control relating to the Company’s future performance.

In light of these factors and having regard to ASIC Regulatory Guide 170, the Directors consider at this stage the Company is unable to provide potential investors with reliable revenue, profit or cash flow projections or forecasts. The Directors have assessed the outlook for the Company and, upon completion of the Offer and injection of additional funds of $17.5 million, they believe the Company has sufficient working capital to carry out the stated objectives for a minimum 18-month period.

Further information on liquidity, capital resources and indebtedness is presented in Section 4.4.2
4.2.4 Explanation of certain non-IFRS measures

The Company uses certain measures to manage and report on the business that are not recognised under AAS. These measures are collectively referred to as non-IFRS measures (non-IFRS financial measures). The principal non-IFRS financial measures that are referred to in this Prospectus include the following:

- EBITDA is earnings before interest, taxation, depreciation and amortisation; and
- EBIT is earnings before interest and taxation.

These measures are reconciled to the Company’s loss after tax in Section 4.3.

Although the Directors believe that these measures provide useful information about the financial performance of the Company, they should be considered as supplements to the income statement and cash flow measures that have been presented in accordance with the AAS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS, they do not have standard definitions, and the way the Company has calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

4.3 Pro Forma Historical Consolidated Income Statements

4.3.1 Overview

The table below sets out the Pro Forma Historical Consolidated Income Statements. For an explanation of the key income statement line items refer to Section 4.6.

Table 4.1 – Pro Forma Historical Consolidated Income Statements

<table>
<thead>
<tr>
<th>$'000</th>
<th>Pro forma FY</th>
<th>Notes</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td>4,349</td>
<td>13,156</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td></td>
<td></td>
<td>(4,378)</td>
<td>(11,384)</td>
</tr>
<tr>
<td>Project development expenses</td>
<td>(b)</td>
<td></td>
<td>(6,723)</td>
<td>(2,476)</td>
</tr>
<tr>
<td>Employee and consultant expenses</td>
<td></td>
<td></td>
<td>(6,760)</td>
<td>(8,379)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td></td>
<td></td>
<td>(4,550)</td>
<td>(5,735)</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td></td>
<td>(18,062)</td>
<td>(14,817)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td></td>
<td></td>
<td>(291)</td>
<td>(1,456)</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td></td>
<td></td>
<td>(18,353)</td>
<td>(16,273)</td>
</tr>
<tr>
<td>Net interest income</td>
<td></td>
<td></td>
<td>48</td>
<td>30</td>
</tr>
<tr>
<td><strong>Loss before tax</strong></td>
<td></td>
<td></td>
<td>(18,305)</td>
<td>(16,243)</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td></td>
<td></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Loss after tax</strong></td>
<td></td>
<td></td>
<td>(18,305)</td>
<td>(16,243)</td>
</tr>
</tbody>
</table>

Notes:
(a) Revenue comprises revenue from the sale of goods and the Research and Development Tax Incentive (R&D Tax Incentive) Refund.
(b) Expenses incurred in relation to eligible R&D activities under the R&D Tax Incentive requirements.
Table 4.2 – Pro forma adjustments to the statutory historical consolidated income statements

In presenting the Pro Forma Historical Consolidated Income Statements, the adjustments have been included to reflect the full year additional operating costs associated with being a public company and the change in interest cost profile upon Completion and the conversion and/or repayment of the Convertible Notes and other debt items.

<table>
<thead>
<tr>
<th>$’000</th>
<th>Notes</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory net loss after tax</td>
<td>(18,193)</td>
<td>(17,430)</td>
<td></td>
</tr>
<tr>
<td>Pro forma adjustment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(a)</td>
<td>132</td>
<td>1,431</td>
</tr>
<tr>
<td>Public company costs</td>
<td>(b)</td>
<td>(244)</td>
<td>(244)</td>
</tr>
<tr>
<td>Pro forma net loss after tax</td>
<td>(18,305)</td>
<td>(16,243)</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(a) Adjustment removes the interest expense in FY17 and FY18 that relates to the historical loans and borrowings which would not have existed if the capital raise had occurred prior to 10 May 2016.
(b) Reflects an estimate of the incremental annual costs that the Company will incur as a listed public entity. These costs include expected variations to Chairman and other Non-Executive Director remuneration, additional audit and legal costs, listing fees, and share registry costs.

4.4 Pro forma historical consolidated balance sheet

4.4.1 Overview

The Pro Forma Historical Consolidated Balance Sheet in Table 4.3 is based on the audited statutory historical balance sheet as at 30 June 2018, adjusted for certain pro forma adjustments to reflect the impact of the change in capital structure that will take place as part of the Offer, as if it was in place as at 30 June 2018.

The Pro Forma Historical Consolidated Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company’s view of its future financial position upon Listing or future financial position.
4. Financial Information

Table 4.3 – Pro Forma Historical Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>Notes</th>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
<th>Pro forma 30 June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$000</td>
<td>Statutory</td>
<td>Pre-IPO Capital raise</td>
<td>Impact of Offer</td>
<td>Share based consideration</td>
<td>Impact of repayment/ conversion of borrowings</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>451</td>
<td>9,430</td>
<td>14,530</td>
<td>–</td>
<td>(2,011)</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>961</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Inventories</td>
<td>537</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Income tax receivable</td>
<td>2</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other current assets</td>
<td>14</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,965</td>
<td>9,430</td>
<td>14,530</td>
<td>–</td>
<td>(2,011)</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>9,076</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>9,076</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total assets</td>
<td>11,041</td>
<td>9,430</td>
<td>14,530</td>
<td>–</td>
<td>(2,011)</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(8,258)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>6,066</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>(152)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>(15,340)</td>
<td>(2,423)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>(23,749)</td>
<td>(2,423)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>(3,713)</td>
<td>–</td>
<td>1,540</td>
<td>–</td>
<td>3,713</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>(3,713)</td>
<td>–</td>
<td>(1,540)</td>
<td>–</td>
<td>3,713</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>(27,462)</td>
<td>(2,423)</td>
<td>(1,540)</td>
<td>–</td>
<td>27,541</td>
</tr>
<tr>
<td>Net assets</td>
<td>(16,421)</td>
<td>7,008</td>
<td>12,990</td>
<td>–</td>
<td>25,530</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>20,295</td>
<td>7,565</td>
<td>16,957</td>
<td>5,360</td>
<td>25,530</td>
</tr>
<tr>
<td>Reserves</td>
<td>6,345</td>
<td>–</td>
<td>–</td>
<td>(4,400)</td>
<td>–</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>(43,061)</td>
<td>(557)</td>
<td>(3,967)</td>
<td>(960)</td>
<td>–</td>
</tr>
<tr>
<td>Total equity</td>
<td>(16,421)</td>
<td>7,008</td>
<td>12,990</td>
<td>–</td>
<td>25,530</td>
</tr>
</tbody>
</table>

Notes

(a) Reflects additional funding raised via issue of New Shares and Convertible Notes post 30 June 2018 net of transaction costs.

(b) As a consequence of the Offer, share capital increases through the issue of New Shares of $17.5 million, less transaction costs of $0.5 million that under AAS can be offset against equity. Cash increases by $14.5 million, this is calculated as the issue of New Shares in relation to the Offer of $17.5 million, less cash transaction costs of $2.3 million and Founders’ fees of $600,000. The pro forma 30 June 2018 loans and borrowings relate to $1.5 million (inclusive of GST) which is owed to the Founders for consulting services provided in connection with the Listing.

(c) Reflects settlement of $5 million in equity-settled share-based payments as consideration for the acquisition of Supabarn’s wholesale grocery business on 12 December 2016 and $0.4 million equity-settled share-based payment with former chief executive of irexchange (Terry Sinclair). In addition $0.6 million of employee share options vest upon Listing.

(d) Reflects conversion of Convertible Notes and working capital loans and related accrued interest to equity and repayment of R&D loans and accrued interest. Adjustment also includes a $0.65 million cash payment and $4.25 million in equity settled share-based payments as consideration for the Vision software purchased from Viridian in September 2015.
4.4.2 Liquidity, capital resources and indebtedness

Following Completion the Company’s principal source of funds will be cash on its balance sheet.

Secondary funding to the Company, has been provided by way of debt funding from the founders of $1.4 million (excluding GST), which attracts interest of 5.5% and is repayable in full in by December 2020.

The Company expects that its operating cash flows, together with cash on its balance sheet following completion of the Offer will be sufficient to meet its operational requirements and business needs, and position the Company to grow its business in accordance with the entity’s stated objectives. Historically the Company has a net cash requirement of $1 million per month, based on the average operating expenditure of the business for the period January 2018 to November 2018, the majority of which relates to employee associated costs (excluding the non-cash ESOP expense).

The Company had pro forma cash and cash equivalents of $22.4 million as at 30 June 2018, reflecting the expected cash and cash equivalents balance had the Offer occurred as at 30 June 2018.

It is expected that immediately following Completion, the business expects to have cash of $14.2 million, in line with the Offer proceeds (net of transaction costs and the cash element of Founders’ fees).

The Company's cash flows for FY17 and FY18 are set out in Section 4.5.

4.4.3 Contractual obligations and capital commitments

Operating lease commitments includes contracted amounts for rental of premise. Contractual rental increase clauses have been factored into the commitments disclosed.

The future minimum lease payments under a non-cancellable lease as at 30 June 2018 are presented in Table 4.4.

Table 4.4 – Statutory contractual obligations and commitments as at 30 June 2018

<table>
<thead>
<tr>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease commitments</td>
</tr>
<tr>
<td>Less than one year</td>
</tr>
<tr>
<td>Between 1 and 3 years</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

4.5 Pro Forma Historical Consolidated Cash Flows

4.5.1 Overview

The Pro Forma Historical Consolidated Cash Flows for FY17 and FY18 in Table 4.5 are based on the audited statutory historical consolidated cash flow statements for FY17 and FY18, adjusted for certain pro forma adjustments, as if these were in place from 10 May 2016.

The Pro Forma Historical Consolidated Cash Flows are provided for illustrative purposes and are not represented as being indicative of the Company’s future cash flows.
Table 4.5 sets out the Company’s Pro Forma Historical Consolidated Cash Flows.

Table 4.5 – Pro Forma Historical Consolidated Cash Flows

<table>
<thead>
<tr>
<th>$'000</th>
<th>Notes</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td></td>
<td>(18,062)</td>
<td>(14,817)</td>
</tr>
<tr>
<td>Non-cash items</td>
<td>(a)</td>
<td>1,764</td>
<td>–</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td></td>
<td>3,579</td>
<td>(1,850)</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities before investing and financing activities</strong></td>
<td></td>
<td>(12,718)</td>
<td>(16,667)</td>
</tr>
<tr>
<td>Interest received</td>
<td></td>
<td>48</td>
<td>30</td>
</tr>
<tr>
<td>Cash received under common control transaction</td>
<td></td>
<td>449</td>
<td>–</td>
</tr>
<tr>
<td>Acquisition of intangible assets</td>
<td>(500)</td>
<td></td>
<td>–</td>
</tr>
<tr>
<td>Acquisition of business</td>
<td></td>
<td>(689)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Pro forma net cash flow before financing activities</strong></td>
<td>(b)</td>
<td>(13,410)</td>
<td>(16,637)</td>
</tr>
</tbody>
</table>

Notes:
(a) Non-cash items in EBITDA reflect the impact of non-cash share-based payment expenses.
(b) The Pro Forma Historical Consolidated Cash Flows for FY17 and FY18 have been presented before financing activities on the basis that the Company’s capital structure following Completion will be different from that in place during the historical period to Completion. The pro forma historical cash flows for FY17 and FY18 are reconciled to the statutory historical cash flows for FY17 and FY18 in Section 4.5.2.

4.5.2 Pro forma adjustments to the statutory consolidated cash flow statements

In presenting the Pro Forma Historical Consolidated Cash Flows included in the Prospectus, adjustments to the audited statutory historical consolidated cash flow statements have been made for certain pro forma adjustments. These adjustments are summarised in Table 4.6 below.

Table 4.6 – Pro forma adjustments to the statutory historical consolidated cash flows

<table>
<thead>
<tr>
<th>$'000</th>
<th>Notes</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro forma net cash flow before financing activities</strong></td>
<td></td>
<td>(13,410)</td>
<td>(16,637)</td>
</tr>
<tr>
<td>Public company costs</td>
<td>(a)</td>
<td>244</td>
<td>244</td>
</tr>
<tr>
<td>Interest payment</td>
<td>(b)</td>
<td>(119)</td>
<td>(142)</td>
</tr>
<tr>
<td>Cash flow from financing</td>
<td></td>
<td>13,405</td>
<td>16,867</td>
</tr>
<tr>
<td><strong>Statutory net cash flow</strong></td>
<td></td>
<td>120</td>
<td>331</td>
</tr>
</tbody>
</table>

Notes:
(a) Public company costs – Consistent with Pro Forma Historical Consolidated Income Statements, an adjustment has been made to reflect the Company’s estimate of the cash flow impact of incremental annual costs that it will incur as a listed public company.
(b) Relates to interest paid in relation to previous debt arrangements which are not included in the pro forma historical consolidated cash flows on a consistent basis with the pro forma historical consolidated income statements.
4.6 Management discussion and analysis of Pro Forma Historical Financial Information

4.6.1 Overview
This Section 4.6 sets out a discussion of the main factors which affected the Company's operating and relative financial performance in FY17 and FY18.

The discussion of these general factors is intended to provide a brief summary only and does not detail all the factors that affected historical operating and financial performance, nor everything which may affect the Company's operating and financial performance in the future.

The information in this Section 4.6 should also be read in conjunction with the risk factors set out in Section 5 and the other information contained in this Prospectus.

4.6.2 Revenue and other income
The Company derives revenue largely through the following means.

- **Sale of products** – goods are sold to customers on a transparent basis where the price paid to suppliers is mirrored in the price charged to customers.

- **Freight charges** – the freight costs charged to customers is a flat fee per carton which is structured to provide transparent recovery of freight costs incurred by the Company. The Company also generates revenue by charging a per carton handling and distribution and transaction fee as a percentage of the carton value. Revenue is therefore primarily a function of carton value and number of cartons.

- **R&D Tax Incentive Refund** – eligible entities can claim a refundable R&D tax incentive for expenditure incurred annually on eligible R&D activities as long as the necessary submissions to government are subsequently made within 10 months after the end of the year of income. To be eligible for a refundable R&D tax incentive, an entity must have aggregated turnover of less than $20 million. In FY17 and FY18, the Company met the eligibility criteria and turnover threshold in claiming refunds of $5.4 million. As the Company’s forecast aggregated turnover for FY19 is expected to exceed $20 million, further R&D tax incentive refunds are not expected. Any further R&D tax incentives claimed are not refundable but will be available to offset against future income tax payable.

4.6.3 Operating expenses
Key operating expenses categories for the Company include:

- **Research and development expenses** – are eligible costs incurred in the research and development of an online marketplace and supply chain platform (refer to Section 2.3 for further information) for fast-moving consumer goods. These eligible costs comprise employee expenses, consulting expenses, and general office expenses that support the ongoing research and development activities.

- **Employee and consultant expenses** – are employee costs incurred who are predominantly software developers, software engineers and business development managers. Consultants are engaged to provide specific domain knowledge, expertise, and introductions within the financial services industry.

- **Other operating expenses** – include travel costs for international business development, office, accounting, legal, and administrative expenses.
4. Financial Information

4.6.4 FY18 compared to FY17

Revenue

Revenue from the sale of goods of $10.8 million in FY18 increased by $6.5 million compared to FY17 due to trading operations commencing in December 2016, thus, there were only 7 months of operations in FY17 as compared to a full 12 months in FY18. Further, the customer and supplier base broadened during FY18 allowing a greater number of SKUs to be offered to an increased number of customers which generated more sales volume.

Other income was $2.3 million in FY18, compared to nil during FY17. The income consisted of the FY17 R&D refund which was recognised in FY18 as a result of the timing of the filing of the claim. There is no corresponding amount recognised during the FY17 year as the FY16 refund was recognised during the FY16 financial year.

Total operating expenses

Total operating expenses of $16.6 million in FY18 decreased by $1.4 million compared to FY17 largely driven by a decrease in project development expenses of $4.2 million mainly due to a shift from contract employees to permanent employees as well as an overall reduction in development activities. This was partly offset by:

- an increase in personnel expenses of $1.6 million mainly attributable to an increase in headcount and the associated salary and on cost expenses thereof; and
- an increase in other operating expenses as the scale and size of the business increased to support continued product development.

Non-cash items

Share-based payment expenses were $1.7 million in FY17 and nil in FY18. In FY17, the Company expensed $1.3 million related to share options that were granted to key management personnel. The remaining $0.4 million related to share-based payments to suppliers for legal and professional and project development expenses.

Change in working capital

Working capital decreased by $3.6 million during FY17 primarily driven by decreases in trade and other receivables of $1.9 million and an increase in trade and other payables of $1.5 million.

Table 4.7 – Summary of Pro Forma Historical Consolidated Income Statements and Pro Forma Consolidated Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of goods</td>
<td>4,349</td>
<td>10,847</td>
<td>149%</td>
</tr>
<tr>
<td>R&amp;D Tax Incentive Refund</td>
<td>–</td>
<td>2,310</td>
<td>n/a</td>
</tr>
<tr>
<td>Revenue</td>
<td>4,349</td>
<td>13,156</td>
<td>203%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>(29)</td>
<td>(538)</td>
<td>1764%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(18,033)</td>
<td>(16,589)</td>
<td>-8%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(18,062)</td>
<td>(14,817)</td>
<td>-18%</td>
</tr>
<tr>
<td>Non-cash items</td>
<td>1,764</td>
<td>–</td>
<td>-100%</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>3,579</td>
<td>(1,850)</td>
<td>-152%</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>(12,718)</td>
<td>(16,667)</td>
<td>31%</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(692)</td>
<td>30</td>
<td>-104%</td>
</tr>
<tr>
<td>Pro forma net cash flows before financing activities</td>
<td>(13,410)</td>
<td>(16,637)</td>
<td>24%</td>
</tr>
</tbody>
</table>
Working capital increased by approximately $1.9 million in FY18 which was driven primarily by a decrease in trade and other payables of $2.5 million, offset by decreases in trade and other receivables of $0.5 million, inventories of $0.1 million and other assets of $0.1 million. The decrease in trade and other receivables was a result of a provision for doubtful debts of $0.2 million recorded in FY18. Inventories were lower at 30 June 2018 due to a warehouse move in New South Wales and an effort to reduce old and slow-moving stock during that process. The material movement in trade and other payables was caused through the renegotiation of the Viridian software contract, which resulted in current liabilities being reclassified as non-current liabilities in line with the restated contract.

4.7 Dividend Policy

The Company plans to invest all cash flow into the business in order to maximise growth. Accordingly, no dividends are expected to be paid in the foreseeable future following the Company’s listing on ASX.

The Directors cannot and do not give any assurances as to the extent, timing, level of franking or payment of any dividends in any future period as all of the foregoing are dependent upon a number of factors including the level of future earnings, the amount of tax paid, the financial position of the Company, future operating conditions and future cash requirements to fund growth.

4.8 Forthcoming Changes to Australian Accounting Standards

AASB 15 – Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue which will replace AASB 118 which covers contracts for goods and services. The new standard is based on the core principle that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new standard is effective for all reporting periods commencing 1 January 2018 and therefore applicable from 1 July 2018 for the Company. The Company will therefore implement the standard in the FY19 reporting period, accompanied with a reconciliation from the old standard to the new standard for FY19 in line with requirements of the standard.

The Directors have completed their assessment of the impact of the effect of AASB 15 and have determined that there is unlikely to be a material impact in regard to when revenue is recognised.

AASB 16 – Leases

The AASB has issued a new standard AASB 16 Leases. The standard provides a single lessee accounting model and requires lessees to account for leases under an on-balance sheet model, with the distinction between operating and finance leases being removed.

The new standard is effective for all reporting periods commencing 1 January 2019 and therefore applicable from 1 July 2019 for the Company.

The only material lease held by the Company relates to the head office of the Company. The Directors have not yet evaluated the impact of adoption of this standard on the Company’s financial statements.

AASB 9 – Financial Instruments (and applicable amendments)

This standard addresses the classification, measurement and derecognition of financial instruments. It has also introduced revised rules around hedge accounting and impairment.

The new standard is effective for financial years commencing on or after 1 January 2018 and therefore applicable from 1 July 2018 for the Company.

The Directors have completed their assessment of the impact of the effect of AASB 9 Financial Instruments (and applicable amendments) and have determined that there is unlikely to be a material impact on the Company’s financial statements.
5. Risk Factors
5. Risk Factors

This section describes some of the potential material risks associated with the business and the industry in which it operates and risks associated with an investment in Offer Securities. The Company is subject to a number of risks both specific to its business activities and the industry in which it operates and of a general nature, which may either individually or in combination adversely impact its future operating and financial performance, its investment returns and the value of its Shares. The occurrence or consequences of some of the risks described here are partially or completely outside of the Company’s control, or the control of its Directors and management team. The Company does not purport to list every risk that may be associated with the business or the industry in which it operates, or an investment in Shares, now or in the future. The selection of risks has been based on the Company’s assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the risks will not change or that other risks will not emerge.

There can be no guarantee that the Company will deliver on its business strategy, or that any forward looking statement contained in this Prospectus will be achieved or realised. You should note that past performance may not be a reliable indicator of future performance.

Before applying for New Shares you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment for you, having regard to your investment objectives, financial circumstances and taxation position. You should seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before investing in the Company.

5.1 Business risk factors

5.1.1 Liquidity

At the date of this Prospectus irexchange is not cash flow positive, and the purpose of the Offer is to raise funds from investors to provide the Company with working capital financing. Although the Directors consider that irexchange will, on Completion, have enough working capital to carry out its stated objectives, there can be no assurance that such objectives can be met without further funding. irexchange has limited access to alternate financial resources and may need to raise additional funds from time to time to meet its other longer-term objectives and maintain liquidity.

In particular, the Company is currently raising $2.3m through a shareholder approved convertible note. This offer is open until 4 January 2019 and there is a risk that this will be undersubscribed, which would have an adverse impact on the Company’s working capital and its ability to operate in the period leading up to Listing, at which time any issued notes will convert into Shares.

The ability of irexchange to raise additional funds will be subject to, among other things, factors beyond the control of irexchange and its Directors, including cyclical factors affecting the economy and the share markets generally. The Directors can give no assurance that future funds can be raised by irexchange on favourable terms, if at all.

5.1.2 Failure to maintain existing retailers and suppliers and attract new retailers and suppliers

The Company depends on its ability to retain current retailers and suppliers trading on its platform and its growth depends on its ability to attract further business from existing retailers and business from new retailers and suppliers. The Company’s revenue growth is also dependent on increasing the volume and frequency of orders placed through the platform.

The Company’s ability to retain existing retailers and attract new ones, and its retailers’ level of usage, depends on many factors including the adequacy of its platform with respect to matters such as functionality, efficiency, reliability, cost-effectiveness, pricing, retailer support and value. In addition, retailers’ use of the Company’s software may be affected by external factors including a slowdown in regional or national trade or changes to laws and regulations which affect customers’ businesses. If the Company’s retailers do not continue to use its software and increase their use over time, and if new retailers do not choose to use the Company’s platform to order products, the growth in the Company’s revenue may slow, or its revenue may decline.

There is a risk that the Company’s retailers reduce the use of its software, for example, in terms of the number of retailer users, and volume of transactions, which results in a reduction in the level of payments retailers make to the Company. The Company generally does not require retailers to enter long, fixed term contracts requiring minimum order quantities, minimum levels of usage or minimum time commitments. As the Company’s revenues are dependent on the volume of cartons ordered and the value of the carton there is a risk that if retailers and suppliers terminate their contracts with the Company, or if retailers reduce their usage of the Company’s software, the Company’s revenue could decrease. There is also a risk that existing retailers fail
5. Risk Factors

Continued

to increase their use of the Company’s software or that new retailers do not select the Company’s platform as a means to purchase their goods.

The Company will incur time and financial costs in engaging and onboarding new suppliers and retailers.

5.1.3 Insufficient products provided by suppliers on the platform

The Company’s platform relies on suppliers to provide goods to retailers in order for the Company to generate its revenue. There is a risk that the suppliers who use the Company’s platform may not offer the complete range of goods that retailers wish to purchase. As the Company continues to onboard suppliers, retailers will have an increasing number of products that they will be able to order from the Company’s platform.

5.1.4 Failure to deliver products to retailers within specified timeframes

The Company specifies certain timeframes within which it will deliver goods to retailers. There is a risk that goods will not be delivered to retailers within such specified timeframes, which may lead to retailer dissatisfaction and a reduction in retailers’ use of the platform or cause retailers to cease to use the platform.

5.1.5 Inability for retailers to switch to the Company’s platform

Whether or not a retailer will be able to source goods through the Company may be affected by each retailer’s pre-existing relationship and contractual arrangements with the Company’s competitors. There is a risk that retailers wishing to utilise the Company’s platform would not be able to do so due to the pre-existing arrangements and commitments they have in place, resulting in a lower retailer base utilising the platform.

5.1.6 Decline in trade volumes and economic conditions

The Company’s operations are proposed to be conducted primarily in Australia and as such, will be affected by Australian economic conditions generally as well as, to a lesser extent, the global economy. Therefore, factors such as the rate of inflation, the Reserve Bank of Australia’s fiscal policy, Australian domestic trading conditions, global economic activity, changes to running costs such as hosting fees, supplier and logistics costs, particularly the costs of the Company’s third-party logistics partners DHL and Emergent Cold, may affect the Company’s performance.

A decline in regional trade volumes and recessionary economic conditions, including in the logistics services market, may adversely affect the Company’s financial performance. The Company's customers are independent retailers of fast-moving consumer goods in Australia whose business operations depend on regional and national logistics activities which are closely linked to regional and national trade volumes. Trade volumes can be affected by various economic and political factors and general economic conditions in the logistics services market and the market for fast-moving consumer goods. Retailers’ use of the Company’s platform may decrease if their business operations weaken as a result of a decline in demand for products and consequently trade volumes or weak economic conditions. As the Company earns its revenue from charges based on carton volumes, a decline in the demand for the products sold on its platform and/or in trade volumes may lead to a decline in retailers use of its platform and therefore the number of cartons being sold and purchased, which would adversely impact the Company’s revenue.

There is also a risk that a downturn in economic conditions could negatively impact retailers, thereby reducing their usage of the Company’s platform. Any such risk eventuating may ultimately have an adverse impact on the Company’s business, financial performance and operations.

5.1.7 The Company operates in a competitive industry

There is strong competition in the Australian market in which the Company operates. In particular, its competitors are large, established incumbent wholesalers.

There is a risk that the Company may fail to successfully compete in its chosen markets, or that existing competition becomes stronger or actively engages in strategies to competitively push the Company out of the market. Increased competition may also limit the Company’s ability to pursue future growth strategies.

There is also the risk of new entrants into the Australian markets, either through greenfield developments or by leveraging off the Company’s operating model. In addition, the globalisation of retail trade may result in a further increase in future competition from large international retailing groups which may have substantial buying power.
The incumbent wholesalers within each sector are entrenched and collectively command a significant market share. The ability to transition retailers away from the incumbents is therefore a critical element to successful growth. While the Company has a detailed plan of engagement with retailers to gain commitment to trade through the platform in a sustainable manner and will continue to take legal and regulatory advice on how to engage with market stakeholders, should incumbents respond in a way that changes retailer demands and preferences, then the Company’s performance may be materially affected.

The Company competes against other technology platforms that connect buyers and sellers of products and possess the requisite distribution capabilities, and the Company’s potential retailers’ in-house IT departments that develop in-house software. Some of the Company’s existing and potential competitors have significantly more resources than the Company does. The Company faces the risks that:

- existing competitors could increase their competitive position through aggressive marketing campaigns, technology innovation, price discounting or acquisitions;
- its platform may not be well received by retailers and the Company may be unable to implement necessary changes to its platform to retailers’ satisfaction or may fail to meet retailers’ expectations;
- it may fail to anticipate and respond to technological changes as quickly as its competitors;
- its competitors may increase their product or technology offering to compete with the Company on a larger scale. For example, software vendors that focus on enterprise-wide applications may expand their product offering to include industry-specific applications;
- potential retailers operate in-house developed systems in preference to commercial software; and
- new competitors could develop products (including cloud-based software) which compete with the Company’s platform.

If any of these risks arise, the Company may lose its competitive advantage over its competitors, and its business, financial performance and operations may be adversely affected.

5.1.8 Execution risk and reliance on the Company’s platform and failure to adequately maintain and develop it

The Company’s business model depends on its ability to continue to facilitate transactions with both retailers and suppliers via its platform, integrate a distribution capability within its technology platform and ensure that its retailers and suppliers are satisfied with the platform. There is a risk that the Company fails to maintain its platform adequately, or that updates may introduce errors and performance issues, causing retailer and supplier satisfaction in the platform to fall. Retailer and supplier satisfaction may also fall as a result of real or perceived reductions in functionality, efficiency, quality of the platform, reliability, cost-effectiveness, and support for the platform, or a failure to accommodate and reflect changes and developments in technology and in the commercial, compliance and regulatory environment. Any of these factors may result in reduced sales and usage, loss of retailers and suppliers, damage to the Company’s reputation, an inability to attract new retailers and suppliers and potentially claims for compensation.

The Company’s future revenue and growth also depends on its ability to develop enhancements and new features for its platform so that the platform continues to meet retailer needs, attract new retailers and generate additional revenue from increased usage. There is a risk that the development and introduction of new features does not result in a successful outcome for the Company due to various reasons, such as insufficient investment, unforeseen costs, poor performance and reliability, low acceptance, existing competition or economic and market conditions. The failure to successfully develop new platform features may materially adversely impact the Company’s future operations and financial performance. The Company performs regular updates to its platform based on feedback from retailers to try and mitigate these risks.

5.1.9 Failure to realise benefits from product development costs

Developing software and technology is expensive and the investment in the development of these product offerings often involves an extended period of time to achieve a return on investment. An important element of the Company’s business strategy is to continue to make investments in technology innovation and related opportunities. The Company believes that it must continue to dedicate resources to technology development efforts to maintain its competitive position. However, the Company may not receive significant revenues from these investments for several years, or may not realise such benefits at all.
5. Risk Factors

5.1.10 Reliance on third-party IT suppliers
The Company relies on certain contracts with third-party suppliers to maintain and support its IT infrastructure. In particular, it relies on contracts for the provision of computers, storage database services that the platform operates on and development tools used to enhance and support the platform.

5.1.11 Reliance on third-party logistics suppliers
The Company relies on its agreements with third-party logistics suppliers DHL and Emergent Cold to successfully operationalise the business and more specifically to support distribution of the products bought and sold using the Company’s platform through the provision of distribution/logistics services. The Company relies on DHL for the distribution of ambient goods and Emergent Cold for temperature-controlled goods. If either of these agreements are terminated, the Company will have to seek an alternative distributor/logistics services provider which may cause a temporary disruption for retailers and suppliers as the services are transitioned to another provider which may impact the Company’s profitability.

5.1.12 Reliance on third-party warehousing services
The Company also has an agreement with DHL in relation to the provision of warehousing services. This agreement contains an exclusivity clause where DHL is provided with the first right of refusal if the Company expands its facilities or business operations. As the Company grows over time, it may need additional premises. If DHL becomes the sole provider of warehousing services to the Company and if at any point the contract is terminated, then the Company will need to relocate its warehouses to an alternative provider. In the event of this occurring, the Company’s services may be temporarily disrupted and it is likely there would be high costs associated with relocating (particularly as there would be multiple warehouses to be relocated) which will negatively impact the Company’s revenues.

Under the Company’s agreement with DHL in relation to warehousing services, DHL has the right to demand a bank guarantee. As at the date of this Prospectus DHL has not demanded and the Company has not provided a bank guarantee however, there is a possibility that a bank guarantee may be required in the future from the Company.

5.1.13 Disruption or failure of technology systems
The Company, its retailers and suppliers are dependent on the performance, reliability and availability of the Company’s technology platforms and data centres (including servers, the internet, hosting services and the cloud environment in which the Company provides its platform). There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, “bugs” or “worms”, malware, internal or external misuse by websites, cyber attacks or other disruptions including natural disasters, power outages or other similar events.

These events may be caused by events outside of the Company’s control, and may lead to prolonged disruption to its IT platform, or operational or business delays and damage to its reputation. This could potentially lead to a loss of retailers or suppliers, legal claims by retailers or suppliers, and an inability to attract new retailers and suppliers, any of which could materially adversely impact the Company’s financial performance.

5.1.14 Security breach and data privacy
Use of the Company’s platform involves the storage and transmission of retailers’ confidential and proprietary information, including intellectual property, confidential business information, information regarding their employees, suppliers or customers, and other confidential information. The Company’s business could be materially impacted by security breaches of retailers’ data and information, either by unauthorised access, theft, destruction, loss of information or misappropriation or release of confidential retailer data. There is also a risk that the measures the Company takes may not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential or proprietary information, and any of these events may cause significant disruption to the Company’s business and operations. This may also expose the Company to reputational damage, legal claims by retailers, termination of contracts, regulatory scrutiny and fines, any of which could materially adversely impact the Company’s financial performance.

In addition, any security or data issues experienced by other cloud software companies nationally could adversely impact retailers’ trust in cloud solutions generally and could adversely affect the Company’s ability to migrate retailers to its cloud platform.
5.1.15 Ability to attract and retain key personnel

The Company’s success is dependent upon the retention of key personnel and members of senior management. There is a risk that the Company may not be able to attract and retain key personnel or be able to find effective replacements for them in a timely manner. The loss of such personnel, or any delay in their replacement, could materially and adversely impact the Company’s ability to operate its business and achieve its growth strategies and prospects, including further development of its platform.

The loss of key personnel could also have an adverse impact on the Company’s operations, the potential loss of key retailer and supplier relationships, and potential loss of business process knowledge. The Company has sought to mitigate the risk of loss of key personnel by securing senior management personnel with a mix of equity incentives and market-competitive remuneration to ensure ongoing commitment to the business. Key person dependency is also managed through ensuring core processes are systematised, succession planning for all roles and where appropriate, identifying outsource providers.

5.1.16 Failure to protect intellectual property rights

The value of the Company’s products is dependent on its ability to protect its intellectual property, including business processes and know-how, copyrights, trademarks and patents. There is a risk that the Company may be unable to detect the unauthorised use of its intellectual property rights in all instances. Further, actions the Company takes to protect its intellectual property may not be adequate or enforceable and thus may not prevent the misappropriation of its intellectual property and proprietary information. Breach of the Company’s intellectual property may result in the need for the Company to commence legal action, such as infringement or administrative proceedings, which could be costly, time consuming and potentially difficult to enforce in certain jurisdictions and may ultimately prove unfavourable to the Company. The Company’s intellectual property rights extend to its proprietary technology platform, branding, marketing and developed material, specifically:

- distribution system;
- sales order and fulfilment automation;
- multi-channel retail facilities;
- inventory automation;
- electronic catalogues;
- printed catalogues;
- marketing and content management; and
- other developed material.

A breach of the Company’s intellectual property in these areas may result in significant commercial impact.

5.1.17 Breach of third-party intellectual property rights

There is a risk that third parties may allege that the Company’s platform uses intellectual property derived by them or from their products without their consent or permission. The Company may be the subject of claims which could result in disputes or litigation, which could result in the payment of monetary damages, cause delays and increase costs, which in turn could have an adverse impact on the Company’s operations, reputation and financial performance.

In particular, the Company’s subsidiary, Integrated Retail Distribution Pty Ltd has filed a patent application for its supply management system (Patent Application). The Patent Application was originally filed as a provisional application in May 2017 and is currently at the Patent Cooperation Treaty stage, in which the Patent Application is assessed for its international patentability. The non-binding search and written opinion provided by the International Searching Authority at this stage claimed that the invention lacked novelty and inventive steps in light of prior art.

Despite the fact that the Patent Application is only part way through the process and is set for rebuttals and more examination at national levels, the Company has not yet been awarded a patent. Accordingly, there is a risk that a third-party may challenge the Company’s rights to register the patent or claim that the Company’s technology infringes that third-party’s existing patent. In addition, the Company’s system may be replicated by third parties and without the protection of a patent, the Company will be unable to prohibit such replication. If the Company fails to take steps to protect its supply chain management system and technology from being copied infringed the Company’s revenues could decrease and it may no longer have a competitive advantage in the market.
5. Risk Factors  Continued

5.1.18 Breach of confidentiality
While the Company’s employee and contractor agreements with its staff and key personnel contain standard confidentiality clauses, any breach involving the leak, theft, or unauthorised access of the Company’s sensitive information may materially and adversely impact the Company’s business.

5.1.19 Failure to keep abreast of changes in political, compliance and regulatory environments
There is a risk that the Company may fail to keep abreast of potential changes in the political, compliance and regulatory environments, which could have an adverse impact on its business and operations.

Any new or altered laws or regulations which affect the Company’s business could require the Company to increase spending and employee resources on regulatory compliance and/or change its business practices, which could adversely affect its operations and profitability. Further, there is a risk that the Company fails to build into its platform appropriate coverage of existing compliance or regulatory requirements sought by retailers and/or suppliers which the platform does not currently cover, or features or innovation which adequately address changes and developments in compliance and regulatory requirements.

5.1.20 Risk of litigation, claims, disputes and regulatory investigations
The strategy of the Company to disrupt incumbent wholesalers presents the possibility that legal action may be taken against suppliers or retailers, creating the risk of delays, a lower than expected retailer or supplier base or additional costs which may negatively impact operations. There is also the risk that the Company may need to significantly change its strategy and plans as a result of actions from competitors. In addition, there is a general risk that current and previous employees, contractors, partners, suppliers, retailers and other entities which have had dealings with the Company will pursue claims in relation to any agreements those parties had or have with the Company.

The Company has agreements or arrangements with employees, contractors, partners, suppliers, retailers and other entities, in various jurisdictions in Australia. Should the Company explore commercial opportunities in jurisdictions outside of Australia, a new legal framework will need to be adhered to in order to ensure compliance with local market laws. These arrangements and the Company’s activities in relation to them may be subject to local laws which differ from jurisdiction to jurisdiction. There is a risk the Company may be subject to litigation and other claims and disputes in the course of its business, including contractual disputes and indemnity claims, misleading and deceptive conduct claims, intellectual property disputes and employment related claims.

There is also a risk the Company may be subject to regulatory investigations and sanctions or fines by governmental agencies in the event of non-compliance with relevant statutory or regulatory requirements. These may involve how the Company employs people (for example whether it appropriately characterises people as employees or contractors and paid or withheld appropriate amounts of tax, or occupational health and safety investigations) or how it advertises its platform, or in relation to licensing or other compliance requirements. Such litigation, claims, disputes or investigations, including the costs of settling claims or paying sanctions or fines, and any associated operational impacts, may be costly and damaging to the Company’s reputation and business relationships, any of which could have a material adverse effect on its financial performance, position or industry standing.

The Company has been threatened with litigation by an investor who has notified the Company that they intend to institute proceedings to recover alleged losses. As at the date of this Prospectus, the Company does not believe that the investor has incurred any losses. As far as the Company is aware, the investor has not instituted proceedings. It is not presently possible for the Company to provide any reliable assessment of whether proceedings will be instituted and, if they are, the likely quantum of damages that may be sought. Litigation is inherently uncertain and, if proceedings are instituted, there is a risk that it could produce an unfavourable outcome.

5.1.21 Risk of disruption to the provision of alcohol and tobacco products to retailers
The Company facilitates the sale of alcohol and tobacco from suppliers to retailers on its platform. Legal and regulatory restrictions apply to the sale and supply of alcohol and tobacco, which differ between each state and territory. The Company currently holds a Victorian liquor licence and relies on it to distribute alcohol in other states. The Company also currently holds an Australian Capital Territory tobacco licence. The Company has obtained legal advice in relation to its current distribution of alcohol and tobacco in reliance on these licences and has been advised that it is appropriately licenced in relation to its current operations. However, as the Company intends to expand its operations and distribution centres into additional states an appropriate state-based alcohol or liquor licence may be required prior to distributing alcohol and/or tobacco to these states. There is a risk that the Company loses its necessary licences or is not appropriately licensed to supply alcohol and tobacco in other states or territories. In the event that this occurs, this will disrupt the Company’s ability to supply these products to retailers and impact the Company’s revenue.
5.1.22 Outstanding tax liabilities

Upon conducting a pre-IPO review, it was identified that there is risk that the Company did not comply with its PAYG Withholding obligations in relation to a number of individuals. Consequently, the Company could be exposed to penalties for failure to deduct PAYG from such payments. The Company is currently in the process of making a voluntary disclosure to the Australian Taxation Office, and is seeking full remittance of any penalties for failure to deduct PAYG in line with ATO practice for such disclosures made by taxpayers prior to compliance activity.

5.2 Investment risk factors

5.2.1 Price of Shares

Once the Company become a publicly listed company on the ASX, it will become subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in the Company’s share price that are not explained by its fundamental operations and activities.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if the Company’s earnings increase.

Some of the factors which may adversely impact the price of the Shares include fluctuations in the domestic and international market for listed securities, general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings, changes in legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which the Company operates and general operational and business risks.

5.2.2 Trading in Shares may not be liquid and controlled by Existing Investors

Prior to the Offer, there has been no public market in the Shares. Once the Shares are quoted on ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any given time.

Following Completion, it is expected that the Existing Shareholders, the holders of Settlement Shares and the holders of Conversion Shares (together Existing Investors) will hold up to 76% of the Shares, which may also impact on liquidity. Some of the Existing Investors will enter into mandatory or voluntary escrow arrangements in relation to all (or a part) of their Shares as described in Section 7.13. The absence of any sale of Shares by these Existing Investors during this period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could impact the prevailing market price at which Shareholders are able to sell their Shares. It is important to recognise that, on a disposal, Shareholders may receive a market price for their Shares that is less than the price that they paid under the Offer.

The Company anticipates that 46% of Shares held by Existing Investors on the Listing Date will not be subject to any escrow arrangements. There is a risk that on the Listing Date these Existing Investors may seek to sell their Shares in order to realise their investment in the Company which could negatively impact the market price of Shares.

Following release from escrow, Shares held by the Existing Investors will be able to be freely traded on the ASX. A significant sale of Shares by the Existing Shareholders and holders of Conversion Shares, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares. The interests of the Existing Investors may be different from the interests of investors who acquire Shares in the Offer.

5.2.3 Inability to pay dividends

The Company’s ability to pay dividends or make other distributions in the future is contingent on its profits. Moreover, to the extent that the Company pays any dividends, its ability to offer fully franked dividends is contingent on making taxable profits. These taxable profits must firstly generate sufficient franking credits to fully offset the deferred debit in the Company’s franking account. The deferred franking debit equates to the amount of R&D refundable tax offsets the Company has benefited from. This deferred debit must be fully offset before the Company can generate franking credits which can be attached to future dividends. In addition, the Company’s taxable profits may be volatile, making the payment of dividends unpredictable and franking credits are unlikely to be available for the foreseeable future.
5. Risk Factors

The value and availability of franking credits to a Shareholder will differ depending on the Shareholder’s particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

5.2.4 Shareholder dilution

In the future, the Company may elect to issue Shares or engage in capital raisings to facilitate employee share plans, fund acquisitions, or undertake other strategic initiatives. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such issues of Shares and capital raisings.

Additionally, any Existing Shareholders of the Company who do not participate in the Offer will as a result be diluted.

5.2.5 Changes in taxation rules or their interpretation

Changes in tax law (including goods and services taxes and stamp duties), or changes in the way taxation laws are interpreted may impact the Company’s tax liabilities or the tax treatment of a Shareholder’s investment. In particular, both the level and basis of taxation may change. An investment in the New Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company. The taxation comments in Section 9.11 of this Prospectus are general in nature. They do not, for example, apply to non-residents or those who carry on a business trading in securities or take into account individual circumstances of Shareholders. Tax liabilities are the responsibility of each Shareholder and the Company is not responsible for taxation or penalties incurred by Shareholders.

5.2.6 Possible changes in Australian Accounting Standards

Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB) and are outside the Company’s control and the control of its Directors. The AASB introduced new or refined Australian Accounting Standards during 2018, which may affect future measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables. There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the Company’s consolidated financial statements.

5.2.7 Possibility of force majeure events

Events may occur within or outside Australia that could impact upon the Australian economy, the Company’s operations and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for consumer products which will have an impact on the volumes that retailers order on the platform. Any force majeure event that disrupts electricity, the internet or the Company’s servers will impact its suppliers’ and retailers’ ability to use the platform. The Company has only a limited ability to insure against some of these force majeure events.
6. Key People, Interests and Benefits
6. Key People, Interests and Benefits

6.1 Board of Directors

The board comprises 4 Non-Executive Directors (two of whom are independent), 2 Executive Directors and one company secretary. The Directors bring to the board relevant experience and skills, including industry and business knowledge, financial management and public company experience.

Andrew Reeves
Independent Chairman

Andrew is a highly experienced and successful CEO/MD and ASX Board Director, having led large organisations and consistently delivered results for them for many years. Andrew was formerly the Chief Executive Officer of George Weston Foods and Managing Director at Lion Ltd and Coca-Cola Amatil. Andrew is also an experienced board member who has had extensive exposure to public equity markets. Andrew presently serves on the boards of Oz Harvest, The Healthy Grain, Credit Union Australia and Keytone Dairy.

Ian Hicks AM
Deputy Chairman

Ian Hicks AM is Executive Chairman of Applied International Pty Ltd, a private investment group located in Melbourne specialising in both passive and active investments. He is Chairman of the George Hicks Foundation, specialising in a number of arts and indigenous projects, and Chairman of the Mornington Peninsula Foundation assisting severely disadvantaged children. Ian was Director of both the YPO and WPO in the US. He was a Director of the MS Society Victoria and was made a Member of the Order of Australia for his 14 years with Multiple Sclerosis Australia, including eight years as Chairman. Ian is also the former Chairman of Deutscher & Hackett, former Deputy Chairman of the National Gallery of Victoria Foundation, a former trustee of McClelland Gallery and Sculpture Park and Alzheimers Australia (now Dementia Australia).

Suzanne Douglas
Independent Director

Suzanne is a highly experienced FMCG leader and innovator with a strong record of developing businesses, and building and delivering strategies for growth. Suzanne has held high profile leadership roles as Managing Director, H.J. Heinz Australia, General Manager, McPherson's Consumer Products, and General Manager Marketing Innovation and Special Projects, Devondale Murray Goulburn. Suzanne is presently a highly sought-after management consultant with specific expertise in consumer, brand and innovation strategies.

John Ayre
Non-Executive Director

After an initial and successful career as a civil engineer, John established ULR Land Rover 44 years ago which grew into the ULR Automotive Group, comprising ULR Land Rover, ULR Jaguar, Melbourne City Land Rover, Melbourne City Jaguar and Melbourne City Volvo. In past years, John has represented Australia on the Land Rover Global Retailer Advisory Council in the UK. He was also Chairman of the Australian Land Rover Dealer Council. John is a leader of the Melbourne business community with extensive investments in property and medical research.
Brett Charlton
Chief Executive Officer

Brett joined irexchange in October 2018 as CEO and was appointed a Director on 6 November 2018. Brett previously held senior executive roles in FMCG and healthcare at Sanofi Healthcare, Fonterra, PepsiCo and Diageo. He has a strong track record in driving business growth, building operational efficiency and supporting the development of high performing teams. Brett also has deep expertise building positive and sustainable customer relationships across a number of different sectors.

Most recently, Brett built a $50 million e-commerce business into China and South-East Asia, partnering with Australian Pharmacies and distributors to present the Ostelin and Cenovis brands to Asian consumers online.

Brett Coventry
Chief Financial Officer

Brett joined irexchange in August 2018 as CFO and was appointed a Director on 6 November 2018. Brett is an experienced CFO who has steered high growth technology companies to IPO, including as CFO of Catapult Group International (ASX:CAT), where he was also General Manager Commercial. Brett led Catapult’s successful IPO and acquisitions of XOS Digital and PlayerTek. Brett previously held the CFO position at Money3 Corporation (ASX:MNY) where he also acted as joint Company Secretary.

Prior to his time in the technology and financial services sector, Brett spent a decade in the wine and beer industry in both financial and operational roles, including working with independent wholesalers in branded beer distribution.

6.2 Company secretary

Anand Sundaraj
Company Secretary

Anand is a corporate lawyer with over 18 years’ experience. Anand specialises in advising on mergers and acquisitions, and capital raisings for both publicly listed and privately held entities. He also advises on funds management and general securities law matters including listing rule compliance and corporate governance.

Anand has worked for a number of pre-eminent law firms including Herbert Smith Freehills, King & Wood Mallesons and Allen & Overy, global investment bank Credit Suisse AG, and is currently a principal at Sundaraj & Ker, a Sydney-based law firm.
6. Key People, Interests and Benefits

6.3 Senior management

Brett Charlton  
Chief Executive Officer  
Refer to Section 6.1.

Brett Coventry  
Chief Financial Officer  
Refer to Section 6.1.

Greg Frye  
Chief Technology Officer  
Greg joined irexchange in September 2015. He has responsibility for delivery of irexchange’s technology platform and managing cyber security.

Greg is an experienced business and IT executive with a successful track record in transforming growing businesses; and in defining, delivering and operating major programs that provide tangible value for customers and shareholders.

Greg has worked as an executive and consultant across retail, telecommunications, insurance, energy and the defence sectors, and has implemented lasting change across a range of business functions including multi-channel retailing, fulfilment and logistics, data warehousing and business intelligence, and finance.

6.4 Directors’ disclosures

Each Director who will be a Director on Listing has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Director without constraints from other commitments.

No Director who will be a Director on Listing has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor’s decision as to whether to subscribe for New Shares.

No Director who will be a Director on Listing has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12-month period after they ceased to be an officer.

6.5 Interests and benefits

6.5.1 Non-Executive Director remuneration

(i) Andrew Reeves
Andrew was appointed to the Board on 18 December 2017. Andrew is currently paid a fee of $120,000 per annum to act as a Board member and as Chairman.

(ii) Ian Hicks
Ian was appointed to the Board on 25 May 2016. Ian is currently paid a fee of $54,000 to act as a Board member and as Deputy Chairman. Ian has resigned from the Board with effect from the date of Listing.

(iii) Suzanne Douglas
Suzanne was appointed to the Board on 18 December 2017. Suzanne is currently paid a fee of $60,000 per annum to act as a Board member and Remuneration and Nomination Committee member.
(iv) John Ayre
John was appointed to the Board on 25 July 2016. John is currently paid a fee of $42,000 to act as a Board member and as Deputy Chairman. John has resigned from the Board with effect from the date of Listing.

6.5.2 Executive Director and senior management terms of employment and remuneration
Brett Charlton (CEO and Executive Director)
Brett Charlton commenced as CEO on 8 October 2018 and was appointed as a Board member on 6 December 2018. Details of Brett’s terms of appointment are set out below.

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration</td>
<td>Brett is paid $400,000 per annum (inclusive of superannuation) and has the potential to earn short term incentives (to be paid in cash).</td>
</tr>
<tr>
<td></td>
<td>On Completion, Brett will be entitled to a one-off bonus payment of $250,000.</td>
</tr>
<tr>
<td>Employee Options</td>
<td>Brett has been issued 500,000 Employee Options.</td>
</tr>
<tr>
<td>Termination</td>
<td>Either Brett or the Group may terminate his employment without cause by providing the other three months’ written notice.</td>
</tr>
<tr>
<td></td>
<td>The Company may terminate Brett’s employment without any period of notice or payment in lieu of notice if, in the opinion of the Company, he engages in serious misconduct, is declared bankrupt, fails to observe or perform any of the obligations imposed on him, becomes of unsound mind or engages in insider trading.</td>
</tr>
<tr>
<td>Restraints</td>
<td>Brett is subject to customary post-employment restraints for a period of 12 months.</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>All intellectual property rights in and relating to all work Brett performs in the course of his employment will be owned exclusively by the Group, and he has unconditionally and irrevocably assigned all rights, titles and interests in the same to the Group.</td>
</tr>
</tbody>
</table>

Brett Coventry (CFO and Executive Director)
Brett Coventry commenced as CFO on 3 September 2018 and was appointed as a Board member on 6 December 2018. Details of Brett’s terms of appointment are set out below.

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration</td>
<td>Brett is paid $300,000 per annum (inclusive of superannuation) and has the potential to earn short term incentives (to be paid in cash).</td>
</tr>
<tr>
<td></td>
<td>On Completion, Brett will be entitled to a bonus payment of $100,000.</td>
</tr>
<tr>
<td>Employee Options</td>
<td>Brett has been issued 250,000 Employee Options.</td>
</tr>
<tr>
<td>Termination</td>
<td>Either Brett or the Group may terminate the employment without cause by providing the other one month’s written notice.</td>
</tr>
<tr>
<td></td>
<td>The Company may terminate Brett’s employment without any period of notice or payment in lieu of notice if, in the opinion of the Company, he engages in serious misconduct, is declared bankrupt, fails to observe or perform any of the obligations imposed on him, becomes of unsound mind or engages in insider trading.</td>
</tr>
<tr>
<td>Restraints</td>
<td>Brett is subject to customary post-employment restraints for a period of 3 months.</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>All intellectual property rights in and relating to all work Brett performs in the course of his employment will be owned exclusively by the Group, and he has unconditionally and irrevocably assigned all rights, titles and interests in the same to the Group.</td>
</tr>
</tbody>
</table>
6. Key People, Interests and Benefits

Greg Frye (Chief Technology Officer)
Greg joined irexchange in September 2015. Greg currently holds 3,262 existing Shares. Details of Greg’s terms of appointment are set out below.

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration</td>
<td>Greg is paid $300,000 per annum (inclusive of superannuation) and has the potential for short term incentives (to be paid in cash).</td>
</tr>
<tr>
<td>Employee Options</td>
<td>Greg has been issued 550,000 Employee Options.</td>
</tr>
<tr>
<td>Termination</td>
<td>Either Greg or the Group may terminate the employment without cause by providing the other one month’s written notice. The Company may terminate Greg’s employment without any period of notice or payment in lieu of notice if, in the opinion of the Company, he engages in serious misconduct, is declared bankrupt, fails to observe or perform any of the obligations imposed on him, becomes of unsound mind or engages in insider trading.</td>
</tr>
<tr>
<td>Restraints</td>
<td>Greg is subject to customary post-employment restraints for a period of three 3 months.</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>All intellectual property rights in and relating to all work Greg performs in the course of his employment will be owned exclusively by the Group, and he has unconditionally and irrevocably assigned all rights, titles and interests in the same to the Group.</td>
</tr>
</tbody>
</table>

### 6.5.3 Directors’ interests in Shares and other securities

<table>
<thead>
<tr>
<th>Director</th>
<th>Securities held on Prospectus Date</th>
<th>Securities acquired on Listing</th>
<th>Securities held on Listing</th>
<th>% Securities held on Listing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Reeves</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Ian Hicks¹             | 3,379,022  
existing Shares  
$383,705  
Convertible Notes | 1,376,350  
Conversion Shares² | 4,755,372  
Shares³ | 6% |
| Suzanne Douglas        |                                    |                               |                           |                             |
| John Ayre⁴             | 3,500,000  
existing Shares  
$552,836  
Convertible Notes | 1,274,539  
Conversion Shares² | 4,774,539  
Shares³ | 6% |
| Brett Charlton         | 500,000  
Employee Options |                               | 500,000  
Employee Options |                             |
| Brett Coventry         | 250,000  
Employee Options | 37,653  
Conversion Shares² | 37,653 Shares²  
250,000  
Employee Options | 0.05% |

1. Securities held by Hickshay Pty Ltd as trustee for Hicks Family Trust.
2. Based on the assumption of Ian Hicks holding $383,705 of Convertible Notes. Ian Hicks currently holds $383,705 Convertible Notes and has committed to take up a further $500,000 prior to the Opening Date but this may be scaled back if there is sufficient demand.
3. These holdings have been calculated assuming the full $500,000 is invested.
4. Securities held by Hontarni Pty Ltd as trustee for J R Ayre Investment Trust and J&L Superannuation Pty Ltd as trustee for the J&L Superannuation Fund.
5. Based on an assumption of John Ayre holding $552,836 Convertible Notes. John Ayre currently holds $552,836 Convertible Notes and has committed to take up a further $250,000 prior to the Opening Date but this may be scaled back if there is sufficient demand.
6. These holdings have been calculated assuming the full $250,000 is invested.
7. Held via his superannuation fund.

Please see Section 7.14 for further information on shareholdings following Completion.
6.6 Deeds of access, indemnity and insurance
irexchange has entered into customary deeds of indemnity, insurance and access with each Director which confirm each Director’s right of access to certain papers and documents of irexchange for a period of seven years after the Director ceases to hold office. This period may be extended where certain proceedings or investigations commence before the seven year period expires. The deeds also provide an indemnity in favour of each Director for liability incurred as an officer of irexchange and its related bodies corporate, to the maximum extent permitted by law.

6.7 Interests of advisers
irexchange has engaged the following professional advisers in relation to the Offer:

- Peloton Capital has acted as Lead Manager to the Offer. irexchange has agreed to pay the Lead Manager the payments described in Section 9.4.1 for these services;
- Sundaraj & Ker has acted as Australian legal adviser to irexchange in relation to the Offer. irexchange has paid, or agreed to pay, approximately $250,000 (excluding disbursements and GST) for these services. Further amounts may be paid to Sundaraj & Ker for other work in accordance with its normal time-based charges; and
- KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Ltd has acted as Investigating Accountant in relation to the Offer and has prepared the Investigating Accountant’s Report included in Section 8. KPMG Financial Advisory Services (Australia) Pty Ltd has also performed work in relation to financial and tax due diligence services. irexchange has paid, or agreed to pay, approximately $135,000 (excluding disbursements and GST) for these services.

These amounts, and other costs of the Offer, will be paid by irexchange out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of costs of the Offer is set out in Section 7.5.

6.8 Employee Incentive Plan
Immediately prior to lodgement of this Prospectus, the Board resolved to establish an Employee Incentive Plan (EIP) which will become effective from Listing. The EIP is a flexible employee incentive plan that enables the Company to offer executives (and other selected employees) a range of different interests or awards to reward and drive performance, retain senior management and other selected employees and to offer broad based employee share ownership.

These interests or awards available under the EIP include performance rights, options, cash rights, deferred share awards, exempt share awards, service rights and stock appreciation rights (each, an Award).

The key terms of the EIP are as follows.

<table>
<thead>
<tr>
<th>Term</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility</td>
<td>The Board has the discretion to determine which executives and employees are eligible to participate in the EIP, and what type of Award suits the remuneration or incentive purpose (Eligible Applicants). The definition of employee under the EIP rules includes any full time or permanent part-time employee or officer and a Director of the Company. Directors including Non-Executive Directors, are only eligible to participate in the EIP if approved by Shareholders.</td>
</tr>
<tr>
<td>Awards</td>
<td>The Board has the discretion to set the terms and conditions on which it will offer Awards under the EIP. The Board may determine that the Awards will be subject to performance, service, or other conditions (Vesting Conditions) and, if so, will specify those Vesting Conditions in the offer to each Eligible Applicant. The Board has discretion to define any Vesting Conditions, which may include conditions relating to continuous employment, performance of the participant and/or the Company or the occurrence of specific events. Awards will vest to the extent that the applicable Vesting Conditions are satisfied, and the Board retains discretion to waive the satisfaction of the Vesting Conditions, in certain approved circumstances. Securities issued under the EIP may be issued at no cost to participants. Options may be subject to payment of an exercise price by the participant which is determined by the Board and advised to the participant in individual offer documents.</td>
</tr>
</tbody>
</table>

irexchange | Prospectus | 73
6. Key People, Interests and Benefits

<table>
<thead>
<tr>
<th>Term</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vesting Conditions</td>
<td>The vesting of any securities issued under the EIP will be subject to any Vesting Conditions determined by the Board, which may include the satisfaction of performance, service or other conditions.</td>
</tr>
<tr>
<td>Shares as an Award or on vesting of an Award</td>
<td>Shares allocated on the vesting of an Award carry the same rights and entitlements as other issued Shares, including dividend and voting rights. Depending on the terms of issue, the Shares may be subject to disposal and/or forfeiture restrictions, which means that they may not be disposed of or dealt with for a period of time and/or may be forfeited if certain further conditions are not satisfied. Shares allocated to participants under the EIP may be issued by the Company or acquired on or off market by the Company or its nominee. The Company may initially issue Shares to a trustee and later transfer the Shares to participants.</td>
</tr>
<tr>
<td>Dividend and voting entitlements</td>
<td>Awards, other than Shares, are not entitled to dividend or voting rights.</td>
</tr>
<tr>
<td>Quotation</td>
<td>Awards, other than Shares, will not be quoted on ASX. The Company will apply for official quotation of any Shares issued under the EIP, in accordance with the ASX Listing Rules and having regard to any disposal restrictions in place under the EIP.</td>
</tr>
<tr>
<td>Ceasing employment</td>
<td>If a participant’s employment with the Company ceases for any reason other than death, the Board has the discretion to determine the treatment of that participant’s Awards. Accordingly, the participant’s unvested Awards may lapse (unless the Board determines otherwise).</td>
</tr>
<tr>
<td>Change of control</td>
<td>If a change of control of the Company occurs, the Board will determine, in its sole and absolute discretion, the manner in which all unvested and vested Awards will be dealt with.</td>
</tr>
<tr>
<td>Restrictions</td>
<td>Without the prior approval of the Board, Awards may not be sold, transferred, mortgaged, pledged, charged, granted as security or otherwise disposed of. Participants must not enter into transactions or arrangements, including by way of derivative or similar financial products, which limit the economic risk of holding unvested Awards.</td>
</tr>
<tr>
<td>EIP trust</td>
<td>A trust may be established in connection with the operation and administration of the EIP. The trust, if established, may be used to acquire Shares that are then used to satisfy the Company’s obligations to deliver Shares to participants upon satisfaction of the Vesting Conditions. In addition, any Shares delivered on vesting, which are subject to disposal or forfeiture conditions, would continue to be held in trust until these disposal or forfeiture conditions cease to apply. After the disposal or forfeiture conditions cease to apply, participants could continue to hold their Shares via the trust or have these Shares transferred out of the trust, at their discretion.</td>
</tr>
<tr>
<td>Amendments</td>
<td>To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary the terms and conditions of the EIP. This includes varying the number of security interests, or the number of Shares to which a participant is entitled upon vesting or upon a reorganisation of, or other changes to, the capital of the Company.</td>
</tr>
<tr>
<td>Other terms</td>
<td>The EIP also contains customary and usual terms having regard to Australian law for dealing with the administration, variation, suspension and termination of the EIP.</td>
</tr>
</tbody>
</table>

6.9 Corporate Governance

6.9.1 Overview

This Section 6.9.1 explains how the Board will oversee the management of irexchange. The Board is responsible for the overall corporate governance of irexchange. The Board monitors the operational and financial position and performance of irexchange and oversees its business strategy, including approving the strategic goals of irexchange and considering and approving an annual business plan, including a budget. The Board is committed to maximising performance, generating appropriate levels of
Shareholder value and financial return, and sustaining the growth and success of irexchange. In conducting business with these objectives, the Board seeks to ensure that irexchange is properly managed to protect and enhance Shareholder interests, and that irexchange, and its Directors, other officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing irexchange, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for irexchange’s business and which are designed to promote the responsible management and conduct of irexchange.

The main policies and practices adopted by irexchange, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution. irexchange’s Code of Conduct outlines the standards of conduct expected of irexchange’s business and personnel in a range of circumstances. In particular, the code requires awareness of, and compliance with, laws and regulations relevant to irexchange’s other policies and procedures.

Copies of irexchange’s key policies and practices and the charters for the Board and each of its committees will, from Completion, be available at www.irexchange.com.

irexchange is seeking a listing on ASX. The ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (ASX Principles) for Australian listed entities aims to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Principles are not prescriptive. However, under the ASX Listing Rules, irexchange will be required to provide a corporate governance statement in its annual report disclosing the extent to which it has followed the ASX recommendations in the reporting period. Where irexchange does not follow a recommendation, it must identify the relevant recommendation that has not been followed and state reasons for not following it.

Except as set out below, as at the date of Listing, irexchange does not anticipate that it will depart from the ASX Principles; however, it may do so in the future if it considers that such a departure would be reasonable or appropriate.

- The majority of the Board are not independent Directors, as recommended by the ASX Principles. As at the date of Listing, only two of the four Board members are independent Directors (Andrew Reeves and Suzanne Douglas). The Board, having regard to the Company’s current stage of development and the collective experience and expertise of the Directors, considers the current composition of the Board appropriate.
- The ASX Principles recommend an audit committee to have at least three non-executive directors. The Company’s Risk and Audit Committee will comprise of two independent members (including an independent Chair) and one executive Director.
- Due to the Company’s stage of development and number of employees, the Company may face particular issues in relation to setting, reviewing, assessing and reporting on certain diversity measures. Consequently, the Company will not comply in full with the diversity recommendations in the ASX Principles.

6.9.2 Board appointment and composition

At the time of Listing, the Board will comprise of four Directors, an independent Chairman (Andrew Reeves), one independent Non-Executive Director (Suzanne Douglas) and two Executive Directors (Brett Charlton and Brett Coventry). Detailed biographies of the Board members are provided in Section 6.1.

Each Director who will be a Director on Listing has confirmed to irexchange that he or she anticipates being available to perform his or her duties as a Non-Executive Director or Executive Director, as the case may be, without constraint from other commitments.

In determining whether a Director is “independent”, the Board has adopted the definition of this word in the ASX Principles. Consequently, a Director will be considered “independent” if that Director is free of any interest, position, association or other relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis, with the Board charter to assist in this regard.

The Board considers that each of Andrew Reeves and Suzanne Douglas are independent Directors, free from any interest, position, association or any other relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally, and each is able to fulfil the role of an independent Director for the purposes of the ASX Principles.
6. Key People, Interests and Benefits

As Shareholders with a sizeable shareholding, Ian Hicks and John Ayre are not considered by the Board to fulfil the role of independent Directors. In any event, both have resigned with effect from the date of Listing.

None of the Directors is acting as nominee or representative of any Shareholder (other than in respect of their own direct or indirect interests), nor as nominees or representatives of the Lead Manager.

Despite not having a majority of independent Directors, the Board has considered irexchange’s immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board reflects an appropriate range of independence, skills and experience for the Company after Listing. The Board will regularly review the independence of each Director in light of interests disclosed to the Board and will disclose any change to ASX, as required by the ASX Listing Rules.

6.9.3 Board charter
The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the roles and responsibilities of the Board including to provide overall strategic guidance for irexchange and effective oversight of management, internal controls and organisational policies, financial performance, management and review of irexchange’s compliance with its disclosure obligations and the Continuous Disclosure Policy (see Section 6.9.5), promotion of effective engagement with shareholders, ethical and responsible decision making along with risk management;
- the role and responsibilities of the Chairman;
- the delegations of authority of the Board to both committees of the Board, the CEO and other management of irexchange;
- the membership of the Board, including in relation to the Board’s composition and size and the process of selection and re-election of Directors, independence of Directors and conduct of individual Directors;
- the education and ongoing development of Directors;
- the need for, and criterion establishing, the independence of Directors;
- the Board process, including how the Board meets; and
- the Board’s performance evaluation processes, including in respect of its own performance, and the performance of the Board committees, individual Directors and senior management.

Directors are entitled to access senior management and request additional information at any time they consider appropriate. The Board collectively, and each Director individually, may seek independent professional advice, subject to the approval of the Chairman, or the Board as a whole.

6.9.4 Board committees
The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. To assist in carrying out its responsibilities, the Board has established a Risk and Audit Committee and a Remuneration and Nomination Committee. Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of irexchange, relevant legislative and other requirements and the skills and experience of individual Directors.

The Risk and Audit Committee will comprise of at least three Directors, two of whom are independent, including an independent Chair. The Remuneration and Nomination Committee will comprise of at least three Directors, two of whom are independent, including an independent Chair.

Each of the Risk and Audit Committee and the Remuneration and Nomination Committee has terms of reference which set out the roles, responsibility, composition and processes of that committee.

(i) Risk and Audit Committee
The role of the Risk and Audit Committee is to assist the Board of irexchange in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, financial reporting and operational risks of irexchange including:

- the appointment, remuneration, independence and competence of irexchange’s external auditors;
- compliance of the financial statements with the requirements of the Corporations Act and any other mandatory professional reporting requirements, statutory reporting requirements, making informed decisions regarding accounting and regulatory policies, judgements, practices and disclosures;
• reviewing the scope and results of external audits;
• assessing the effectiveness of the Company’s internal controls; and
• focusing appropriate attention on the risk management framework of the Company.

The Risk and Audit Committee will comprise of at least three Directors, two of whom are independent, including an independent Chair. On Listing, the members of the Risk and Audit Committee will comprise Andrew Reeves (Chairman of the Committee), Suzanne Douglas and Brett Coventry.

The Committee will meet as often as deemed necessary by the Committee members and as otherwise requested by a Committee member, the CEO or CFO, or any other Director.

(ii) Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to assist and advise the Board on the following nomination related matters:
• appointment and re-election of qualified and competent Directors;
• induction programs for Directors;
• development and implementation of processes for evaluating the performance of the Board, and its Committees and Directors and members of senior management;
• processes for recruiting new Directors (including evaluation of skills and experience);
• the remuneration framework for all Directors; and
• succession planning for the Board, the CEO and other senior management,

to ensure that the Board is of a size and composition conducive to the successful oversight and stewardship of the Company.

The Remuneration and Nomination Committee will comprise of at least three Directors, two of whom are independent, including an independent Chair. On Listing, the members of the Remuneration and Nomination Committee will comprise Suzanne Douglas (Chair of the Committee), Andrew Reeves and Brett Coventry.

The Committee will meet as often as deemed necessary by the Committee members or as otherwise requested by a Committee member, the CEO or CFO, or any other Director.

6.9.5 Corporate governance policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles. irexchange’s policies and corporate governance practices will continue to be reviewed regularly and will continue to be developed and refined to meet the needs of irexchange.

(i) Risk management policy

The identification and proper management of irexchange’s risks are an important priority of the Board. The Board has adopted a risk management policy appropriate for its business. This policy highlights the risks relevant to irexchange’s strategic and operational objectives.

The Board is responsible for oversight of the risk management framework, and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

The Board will undertake, at a minimum, annual reviews of its risk management procedures to ensure their effectiveness and relevance. The Board may delegate these functions to the Risk and Audit Committee or a separate risk committee in the future.

(ii) Continuous disclosure policy

Once listed, irexchange will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, irexchange will be required to immediately disclose to ASX any information concerning irexchange and which a reasonable person would expect to have a material effect on the price or value of any securities issued by the Company unless an exception under the ASX Listing Rules applies.

irexchange is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act.
irexchange has adopted a policy to take effect from Completion, which establishes procedures which inform Directors and management of their obligations in relation to timely disclosure of material price-sensitive information. Under the continuous disclosure policy, the company secretary in conjunction with the Board will be responsible for managing irexchange’s compliance with its continuous disclosure obligations.

(iii) Securities trading policy
irexchange has adopted a securities trading policy which will apply to irexchange and its Directors, officers, senior management, and certain other employees and contractors and their connected persons (including those persons having authority and responsibility for planning, directing and controlling the activities of irexchange, whether directly or indirectly).

The policy is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and to establish a best practice procedure for dealing in securities that protects the Company and its personnel against the misuse of unpublished or confidential information which could materially affect the value of the Company’s securities.

Subject to certain exceptions, the policy defines certain “prohibited periods” during which trading in securities by Directors, officers, senior management, and certain other employees and contractors and their connected persons is prohibited. Those prohibited periods are currently defined as the following periods:

- in the two weeks prior to the release of irexchange’s quarterly or half year results until 24 hours following the release of such results;
- from irexchange’s financial year balance date until 24 hours following the release of irexchange’s preliminary full year results as long as such results are audited;
- within 24 hours of release of price sensitive information to the market; and
- any additional periods imposed by the Board from time to time (e.g. when irexchange is considering matters which are subject to ASX Listing Rule 3.1A).

Outside these periods, Directors, officers, senior management, and certain other employees and contractors and their connected persons must receive clearance for any proposed dealing in securities and, in all instances, buying or selling Shares is not permitted at any time by any person who possesses price-sensitive information.

(iv) Code of Conduct
irexchange is committed to providing an ethical and legal framework within which its Directors, officers, management, employees and contractors conduct irexchange’s business. Accordingly, irexchange has adopted a Code of Conduct to take effect from Completion, which sets out the values, commitments, ethical standards and policies of irexchange and the standards of conduct expected of the business and its personnel.

(v) Shareholder Communications Policy
The Board aims to provide Shareholders with sufficient information to assess the performance of irexchange and that they are informed of all major developments affecting the state of affairs of irexchange. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX, periodic disclosure within the annual report and half-year financial report, the annual general meeting and other general meetings including the related explanatory material, and publishing information on irexchange’s website, www.irexchange.com.

In particular, irexchange’s website will contain information about irexchange, including media releases, key policies and the terms of reference of its Board committees. All relevant announcements made to the market and any other relevant information will be posted on irexchange’s website as soon as practicable after they have been released to ASX.
7. irexchange Offer
7. irexchange Offer

7.1 Offer
The Offer comprises the following components:

- **Broker Firm Offer** and **General Offer**: the initial public offering of 19,444,444 New Shares at an Offer Price of $0.90 per Share, to raise gross proceeds of $17.5 million;
- **Convertible Noteholder Offer**: the issue of 30,683,796 Conversion Shares to Convertible Noteholders;
- **Settlement Share Offer**: the issue of 4,722,222 Settlement Shares to Viridian and 400,000 Settlement Shares to Terry Sinclair to settle various obligations and liabilities to those parties; and
- **Option Offer**: the issue of 291,667 Options to the Lead Manager.

The Offer is made on the terms, and subject to the conditions, set out in this Prospectus. The total number of Shares on issue at Completion is expected to be approximately 82,518,607 and all Shares will rank equally with each other. Further details with respect to the rights and liabilities attaching to the Shares are further described in Section 9.5.1.

7.2 Conditions to Completion
This Offer is contingent on the Company obtaining:

- shareholder approval to:
  - undertake the Offer, including to issue the New Shares, Settlement Shares and Options, as described in this Prospectus; and
  - adopt the Constitution;
- agreement from the relevant Convertible Noteholders whose Convertible Notes mature prior to Completion to extend the maturity date of their respective Convertible Notes (see Section 9.3.3 for further information); and
- parties whose securities will be subject to mandatory and voluntary escrow entering into appropriate escrow agreements (see Section 7.13 for further information).
### 7.3 Structure of the Offer

<table>
<thead>
<tr>
<th>Offer</th>
<th>Details, Participation and Eligibility</th>
<th>Offer Securities and Amount to be raised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker Firm Offer</td>
<td>Consists of an invitation to bid for New Shares to:</td>
<td>Offer Securities: 19,444,444 New Shares. Amount to be raised (gross proceeds): $17.5 million.</td>
</tr>
<tr>
<td></td>
<td>• institutional investors in Australia to whom offers of securities may be made without disclosure under Part 6D.2 of the Corporations Act; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• any other investors outside of Australia to whom an offer of the New Shares may lawfully be made without a disclosure document.</td>
<td></td>
</tr>
<tr>
<td>General Offer</td>
<td>Open to retail investors who have a registered address in Australia and certain Institutional Investors in Australia, New Zealand and certain other jurisdictions around the world, who are not in the United States and are not US Persons. The General Offer is being made under this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Convertible Noteholder Offer</td>
<td>Applies only to Convertible Noteholders.</td>
<td>Offer Securities: 30,683,796 Conversion Shares to be issued to Convertible Noteholders on conversion of all outstanding principal and interest owed under the Convertible notes, expected to be approximately $20,711,563.</td>
</tr>
<tr>
<td>Settlement Share Offer</td>
<td>Applies to Viridian and Terry Sinclair.</td>
<td>Offer Securities: 4,722,222 Settlement Shares to be issued to Viridian; and 400,000 Settlement Shares to be issued to Terry Sinclair.</td>
</tr>
<tr>
<td>Option Offer</td>
<td>Applies to the Lead Manager of the Offer.</td>
<td>291,667 options to be issued to the Lead Manager.</td>
</tr>
</tbody>
</table>

The allocation of New Shares between the Broker Firm Offer and the General Offer will be determined by the Lead Manager in consultation with the Company, having regard to the allocation policy outlined in Section 7.6.

### 7.4 Purpose of the Offer

The purpose of the Offer is to:

- provide immediate funding to support irexchange’s growth strategy including the expansion of its operations geographically and into other channels including pharmacy, petrol and convenience and the China CBEC marketplace;
- provide access to capital markets to improve financial flexibility for growth; and
- provide the Company with the benefits of an increased profile as a listed entity.
7.5 Sources and use of funds

The following table reflects the sources and proposed uses of the Company’s cash following Listing.

<table>
<thead>
<tr>
<th>Sources of funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash as at the date of Listing</td>
<td>$130,000</td>
</tr>
<tr>
<td>Gross proceeds from the Offer</td>
<td>$17.5 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$17.63 million</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses of funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Further technology and product development to the irexchange platform</td>
<td>$4.0 million</td>
</tr>
<tr>
<td>Growth and business development including expansion of the Company’s operations geographically and into other channels</td>
<td>$5.0 million</td>
</tr>
<tr>
<td>Payment to Viridian for acquisition of Vision software</td>
<td>$750,000</td>
</tr>
<tr>
<td>Payment to the Founders for consultancy services</td>
<td>$600,000</td>
</tr>
<tr>
<td>Costs of the Offer</td>
<td>$2.3 million</td>
</tr>
<tr>
<td>Working capital</td>
<td>$4.98 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$17.63 million</strong></td>
</tr>
</tbody>
</table>

The above expenditure table reflects statements of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied and the commercial objectives and priorities of the Company.

The Board considers that on Listing, the Company will have adequate capital to meet its stated objectives as set out in this Prospectus.

If less than the amount of $17.5 million is raised, the Offer will not proceed.

7.6 Terms and conditions of the offer of New Shares

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of security being offered</td>
<td>New Shares are fully paid ordinary shares in the Company.</td>
</tr>
<tr>
<td>Offer Price per New Share</td>
<td>$0.90.</td>
</tr>
<tr>
<td>Cash Proceeds</td>
<td>$17.5 million is expected to be raised by the offer of New Shares.</td>
</tr>
<tr>
<td>Minimum application</td>
<td>2,223 New Shares, representing $2,000.70.</td>
</tr>
<tr>
<td>Allocation policy</td>
<td>Allocations under the offer of New Shares will be at the absolute discretion of the Lead Manager in consultation with the Company.</td>
</tr>
<tr>
<td></td>
<td>New Shares allocated under the Broker Firm Offer will be issued to the Applicants nominated by each broker. It will be a matter for the brokers as to how they allocate New Shares among their retail clients, and they (and not the Company) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant New Shares.</td>
</tr>
<tr>
<td>Rights and liabilities attached to Offer Shares</td>
<td>All Shares offered under the Offer (comprising New Shares, Conversion Shares and Settlement Shares) will hold the same rights and liabilities as existing Shares in the Company.</td>
</tr>
<tr>
<td></td>
<td>Further details are set out in Section 9.5.1.</td>
</tr>
</tbody>
</table>
7.7 Broker Firm Offer

7.7.1 Who can apply?
The Broker Firm Offer is open to retail investors who have received a firm allocation of New Shares from their Broker. You should contact your Broker to determine whether you can receive an allocation of New Shares from them under the Broker Firm Offer.

7.7.2 How to apply
If you receive an invitation to apply for New Shares from your Broker and wish to apply for those New Shares under the Broker Firm Offer, you should contact your Broker to request a Prospectus and Broker Firm Application Form, or download a copy at www.irexchange.com/ipo. Your Broker will act as your agent and it is your Broker’s responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5.00pm Sydney time on the Closing Date or any earlier closing date determined by your Broker.

If you are a Broker client, you should complete and lodge your Broker Firm Application Form and Application Monies with the Broker from whom you received your invitation to acquire New Shares under this Prospectus. Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with the instructions provided by that Broker.

Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the back of the Broker Firm Application Form. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms or Application Monies to the Share Registry.

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Lead Managers and the Company reserve the right to reject any Application, or to scale back any Application. The Lead Manager, the Company, and the Share Registry take no responsibility for acts or omissions committed by your Broker in connection with your Application.

7.7.3 What is the Broker Firm Offer allocation policy?
The allocation of New Shares to Brokers will be determined by the Lead Manager in consultation with the Company. New Shares which have been allocated to Brokers for allocation to their eligible retail clients will be issued or transferred to Successful Applicants who have received a valid firm allocation of New Shares from their Brokers. The allocation of New Shares among Applicants under the Broker Firm Offer will be at the sole and absolute discretion of the relevant Broker. Those Brokers (and not the Company) will be responsible for ensuring that their clients who have received an allocation from them, receive the relevant New Shares.

7.8 General Offer

7.8.1 Who can apply?
The General Offer is open to retailer investors who have a registered address in Australia and certain Institutional Investors in Australia, New Zealand and certain other jurisdictions around the world, who are not in the United States and are not US Persons.

7.8.2 How to apply
If you wish to apply for New Shares under the General Offer, you must apply in accordance with the instructions provided in the General Offer Application Form accompanying the electronic version of this Prospectus.

Applicants under the General Offer should read this Prospectus carefully and in its entirety before deciding whether to apply under the General Offer. If you are unclear in any relation to any matter or are uncertain as to whether New Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.
To apply under the General Offer, you must complete the General Offer Application Form in accordance with the instructions provided on that form and on the website containing the General Offer Application Form. A copy of this Prospectus is available in electronic form to persons who are Australian Residents at the Offer website www.irexchange.com/ipo.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications must be received no later than 5.00pm (Sydney time) on the Tuesday, 5 February 2019 and it is your responsibility to ensure that this occurs.

### 7.8.3 How to pay

Applicants under the General Offer submitting their Application online must pay their Application Monies by Bpay® in accordance with the instructions on the General Offer Application Form.

When completing your Bpay® payment please make sure to use the specific biller code and unique CRN provided to you or generated by the online Application Form. Application Monies paid via Bpay® must be received by the Share Registry no later than 5.00pm (Sydney Time) on Tuesday, 5 February 2019 and it is your responsibility to ensure that this occurs.

You should therefore take this into consideration when making payment. Neither the Company nor the Lead Manager take any responsibility for any failure to receive Application Monies or Bpay® before the General Offer closes arising as a result of, amongst other things, delays in processing of payments by financial institutions.

Applicants who apply using the hardcopy General Offer Application Form must return their completed Application Form with a cheque or bank draft made payable to “irexchange Limited” either:

- by post to:
  - irexchange Limited
  - c/- Link Market Services Limited
  - Locked Bag A14
  - Sydney South NSW 1235
  - or
- by hand to:
  - irexchange Limited
  - c/- Link Market Services Limited
  - 1A Homebush Bay Drive
  - Rhodes NSW 2138

### 7.8.4 What is the General Offer allocation policy?

The allocation of New Shares among Applicants in the General Offer will be determined by the Lead Manager in consultation with the Company. There is no assurance that any Applicant will be allocated any New Shares, or the number of New Shares for which the Applicant applied.

### 7.8.5 How do I confirm my allocation?

Applicants in the General Offer will be able to call the Offer Information Line on 1800 645 237 between 8:30am and 5:30pm (Sydney Time), Monday to Friday (excluding public holidays) to confirm their allocation.

However, if you sell New Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Offer Information Line.
7.9 Convertible Noteholder Offer

The Convertible Noteholder Offer is only applicable to Convertible Noteholders of the Company. Under the Convertible Noteholder Offer all outstanding principal and interest owed under the Convertible Notes (expected to be $20,711,563) will be converted into Conversion Shares at an issue price of $0.675 per Conversion Share.

The number of Conversion Shares to be issued under the Convertible Noteholder Offer represents:

- an anticipated outstanding principal amount on Completion of $18.75 million comprising:
  - $16.42 million of Convertible Notes currently on issue; and
  - a further $2.33 million of Convertible Notes expected to be issued between the Prospectus Date and the Opening Date; and
- anticipated accrued interest on Completion of $1.96 million.

For more information on the terms of the Convertible Notes please refer to Section 9.3.3.

7.10 Settlement Share Offer

The Settlement Share Offer is only applicable to Viridian and Terry Sinclair. For more information please refer to Sections 9.7 and 9.9.

7.11 Option Offer

The Option Offer is only applicable to the Lead Manager. For more information please refer to Section 9.3.2.

7.12 Timetable

A Timetable is set out in the Key Dates section of this Prospectus.

All dates are indicative only and subject to change. The Company, in consultation with the Lead Manager, reserves the right to vary these dates and times without prior notice, including the right to close the Offer early, to withdraw the Offer, and to accept late Applications.

7.13 Restricted securities and voluntary escrow

Certain securities held by certain investors following Completion of the Offer will be subject to mandatory escrow restrictions that apply to “restricted securities” in accordance with Chapter 9 of the ASX Listing Rules.

Chapter 9 of the ASX Listing Rules requires that any such Escrowed Securityholders must enter into restriction agreements in the form required by the ASX Listing Rules which preclude holders of such restricted securities from dealing in or disposing of those securities or an interest in those securities or agreeing to deal in or dispose of those securities or an interest in those securities for the relevant restriction periods. The holder of such restricted securities will also be precluded from granting a security interest over those securities. However, ASX may consent to those restricted securities being sold in certain circumstances such as under a takeover bid or under a merger by way of a scheme of arrangement under the Corporations Act. The treatment of these restricted securities for the purposes of Chapter 9 of the ASX Listing Rules is subject to confirmation by ASX.

In addition, the Lead Manager requires certain parties unaffected by the application of mandatory escrow under Chapter 9 of the ASX Listing Rules to enter into voluntary escrow agreements with the Company.
The following table summarises the mandatory and voluntary restriction arrangements that are expected to apply to certain Shares, Employee Options and Options.

<table>
<thead>
<tr>
<th>Securityholder</th>
<th>Description of restricted and/or voluntary escrow securities</th>
<th>Number of restricted and/or voluntary escrow securities</th>
<th>Percentage of Shares on Listing</th>
<th>Period of restriction/escrow</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Related parties</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certain of Ian Hicks’ and John Ayre’s existing Shares</td>
<td>Up to 6,638,697 existing Shares¹</td>
<td>8%</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td>At least 25% of Ian Hicks’ and John Ayre’s Conversion Shares</td>
<td>2,224,547 Conversion Shares²</td>
<td>3%</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td>All of Brett Charlton’s and Brett Coventry’s Employee Options</td>
<td>750,000 Employee Options</td>
<td>–</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td>All of Brett Coventry’s Conversion Shares</td>
<td>37,653 Conversion Shares³</td>
<td>0.05%</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td>At least 25% of John Armstrong’s Conversion Shares⁴</td>
<td>At least 121,851 Conversion Shares</td>
<td>0.15%</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td><strong>Certain Existing Shareholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All of the Shares transferred for nil consideration from the Founders as part of the 2018 rights offer</td>
<td>2,310,356 existing Shares</td>
<td>3%</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>All of the Shares received for nil consideration (excludes Shares held by the Founders)</td>
<td>1,190,000 existing Shares</td>
<td>1.5%</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td><strong>Convertible Noteholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At least 25% of their Conversion Shares</td>
<td>At least 7,670,949 Conversion Shares</td>
<td>9%</td>
<td>12 months (24 months in the case of Ian Hicks, John Ayre, John Armstrong and Brett Coventry)</td>
<td></td>
</tr>
<tr>
<td><strong>Founders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All of their existing Shares</td>
<td>2,040,644 existing Shares</td>
<td>2.5%</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td><strong>Viridian and its associates⁵</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All of their existing Shares and Settlement Shares</td>
<td>630,000 existing Shares 4,722,222 Settlement Shares</td>
<td>6.5%</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td><strong>Terry Sinclair</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All of his Settlement Shares</td>
<td>400,000 Settlement Shares</td>
<td>0.5%</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td><strong>Lead Manager</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All of the Options</td>
<td>291,667 Options</td>
<td>–</td>
<td>24 months</td>
<td></td>
</tr>
</tbody>
</table>

1. Shares held through entities controlled by Ian Hicks and John Ayre.
2. Shares held through entities controlled by Ian Hicks and John Ayre.
3. Held via his superannuation fund.
4. John Armstrong is a former director of the Company who resigned on 29 October 2018.
5. 630,000 existing Shares represents the total number of shares held by Viridian’s associates (David Perazzo, Cathryn Perazzo, Airwire Pty Ltd as trustee for the Ararat Frontage Trust and Boursicaut Pty Ltd as trustee for the Stevens Family Trust).

The Company’s free float on Listing is expected to be approximately 59%.
7.14 Pro-forma Capital structure

The following table depicts the pro-forma capital structure of the Company before and on completion of the Listing:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Pre-IPO Shares</th>
<th>Percentage holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Shares</td>
<td>27,268,145</td>
<td>33%</td>
</tr>
<tr>
<td>New Shares</td>
<td>19,444,444</td>
<td>24%</td>
</tr>
<tr>
<td>Conversion Shares</td>
<td>30,683,796</td>
<td>37%</td>
</tr>
<tr>
<td>Settlement Shares</td>
<td>5,122,222</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>82,518,607</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Option holder</th>
<th>Number of options</th>
<th>Exercise price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Options</td>
<td>2,758,000</td>
<td>$1.00 per option</td>
</tr>
<tr>
<td>Options</td>
<td>291,667</td>
<td>$1.35 per option</td>
</tr>
</tbody>
</table>

7.15 Applications

Applications under the Broker Firm Offer and General Offer must be for a minimum of 2,223 New Shares ($2,000.70).

7.16 Allocation and allotment of Offer Shares

It is expected that allotment of the Offer Shares will take place within 10 Business Days after the Closing Date.

If the Closing Date is extended, the date for allotment may also be extended. The Directors, in consultation with the Lead Manager, reserve the right to reject any application or to allot a lesser number of New Shares than that applied for. If the number of New Shares allocated is less than that applied for, or no allotment is made, the surplus Application Monies will be promptly refunded without interest.

7.17 Brokerage, commission and stamp duty considerations

No brokerage, stamp duty or commission costs are payable by Applicants.

7.18 Acknowledgement of Applicants

By submitting an Application, each Applicant under the Offer acknowledges and agrees as follows:

- that the Applicant personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and read each document in full;
- that the Applicant has received and completed their Application Form in accordance with this Prospectus and the instructions on the Application Form;
- that all details provided and statements in their Application Form are complete and accurate and not misleading (including by omission);
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- that it has applied for the number of New Shares (or equivalent dollar amount) shown on the front of the Application Form;
- to being allocated and issued the number of New Shares applied for (or a lower number allocated in a way described in this Prospectus), or no New Shares at all;
- to become a member of the Company and to be bound by the terms of the Company’s Constitution, the terms of issue of the Shares and the terms and conditions of the Offer;
- that the Company and the Lead Manager and their respective officers or agents, are authorised to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
that the Company may not pay dividends, or that any dividends paid may not be franked;
that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and taxation issues) of the Applicant(s);
that the Applicant(s) is/are a resident of Australia (except as applicable to the Broker Firm Offer and General Offer), or otherwise satisfies the requirements in Section 7.22;
that the Offer may be withdrawn by the Company and/or may otherwise not proceed in the circumstances described in this Prospectus; and
that if Listing does not occur for any reason, the Offer will not proceed.

By submitting an Application, each Applicant in the Offer will be taken to have represented, warranted and agreed as follows:
• it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws in accordance with the US Securities Act registration requirements or of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States or to US Persons, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
• it is not in the United States and is not a US Person;
• it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States or to any US Person;
• it is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S; and
• it will not offer or sell the Shares in the United States or to US Persons or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.19 Risks
As with any share investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are summarised in Section 5.

The securities on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, Applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice. If you require assistance or have any questions in relation to the Offer, or you are uncertain as to whether obtaining New Shares in the Company is a suitable investment for you, you should seek professional advice from your stock broker, lawyer, accountant or other professional adviser.

7.20 Taxation
The acquisition and disposal of Shares in the Company 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 New Shares from a taxation viewpoint and generally.

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

7.21 Description of Shares
The rights and liabilities attaching to ownership of Shares are detailed in the Constitution and, in certain circumstances, regulated by the Corporations Act and general law. See section 9.5.1 for further details.

7.22 Geographic restrictions
An Offer made pursuant to this Prospectus is not made to persons or in places which would not be lawful to make the Offer. No action has been taken to register the Offer or otherwise permit the Offer to be made in any jurisdiction outside Australia.
The distribution of this Prospectus outside Australia may be restricted by applicable law and therefore persons who come into possession of this Prospectus should observe any such restrictions. Failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this Prospectus may not be distributed in the United States. The Offer Shares may not be offered or sold in the United States and this Prospectus does not constitute an offer to sell, or solicitation of an offer to buy, any securities in the United States. The Offer Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any US state.

This Prospectus may not be distributed to any person, and the Offer Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

7.22.1 Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Offer Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Offer Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Offer Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

7.22.2 New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (FMC Act). The Offer Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

i. is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;

ii. meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;

iii. is large within the meaning of clause 39 of Schedule 1 of the FMC Act;

iv. is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

v. is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

7.22.3 Singapore

This document and any other materials relating to the Offer Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares, may not be issued, circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company’s shares, (ii) an “institutional investor” (as defined in the SFA) or (iii) an “accredited investor” (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.
Any offer is not made to you with a view to the Offer Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Offer Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

7.23 ASX listing, registers and holding statements

Application to ASX for listing of the Company and quotation of Shares

The Company will apply within seven days of the Prospectus Date for admission to the Official List and quotation of the Shares on ASX. The Company’s expected ASX code will be “IRX”.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the New Shares offered for subscription.

If permission is not granted for the official quotation of the Shares on ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by the Company from time to time), the Company will be required to comply with the ASX Listing Rules.

CHESS and issuer sponsored holdings

The Company has applied or will apply prior to Listing, to participate in ASX’s Clearing House Electronic Sub-register System (CHESS) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transaction in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all Successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder’s Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Share certificates will not be issued.

Shareholders will receive subsequent statements shortly after the end of the month in which there has been a change to their holding and as otherwise required by the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder’s sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.24 Enquiries about the Offer

If you require assistance to complete the Application Form, require additional copies of this Prospectus, have any questions in relation to the Offer or you are uncertain as to whether obtaining New Shares in the Company is a suitable investment for you, you should seek professional advice from your stockbroker, lawyer, accountant or other professional adviser.
8. Investigating Accountants Report
8. Investigating Accountants Report

Dear Directors

Limited Assurance Investigating Accountant’s Report and Financial Services Guide

Investigating Accountant’s Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) (“KPMG Transaction Services”) has been engaged by irexchange Limited (“irexchange”) to prepare this report for inclusion in the prospectus to be dated 24 December 2018 (“Prospectus”), and to be issued by irexchange, in respect of the proposed initial public offering (“IPO”) of shares in irexchange and subsequent listing on the Australian Securities Exchange (“ASX”) (“Transaction”).

Expressions defined in the Prospectus have the same meaning in this report.

This Investigating Accountant’s Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Prospectus.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical financial information described below and disclosed in the Prospectus.

The 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 Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.
Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of irexchange (the responsible party) included in the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of irexchange, after adjusting for the effects of pro forma adjustments described in section 4 of the Prospectus. The pro forma financial information consists of irexchange’s pro forma consolidated historical balance sheet as at 30 June 2018, pro forma historical consolidated income statements for the period ended 30 June 2017 and year ended 30 June 2018 and pro forma historical consolidated statements of cash flows for the period ended 30 June 2017 and year ended 30 June 2018 as set out in section 4 of the Prospectus issued by irexchange (collectively the “Pro Forma Historical Financial Information”). The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 4 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent the company’s actual financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by irexchange to illustrate the impact of the Offer on irexchange’s financial position as at 30 June 2018 and irexchange’s financial performance and cash flows for the period ended 30 June 2017 and year ended 30 June 2018. As part of this process, information about irexchange’s financial position, financial performance and cash flows has been extracted by irexchange from irexchange’s audited financial statements for the period ended 30 June 2017 and year ended 30 June 2018.

The financial statements of irexchange for the period ended 30 June 2017 and year ended 30 June 2018 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of irexchange relating to those financial statements were unqualified. In the financial statements for the period ended 30 June 2017 and year ended 30 June 2018, without qualifying their opinion, the auditors have included in their auditor’s report, a section in accordance with the requirements of Auditing Standard ASA 570, under the heading material uncertainty related to going concern. The uncertainty relating to irexchange’s going concern assumption is based upon irexchange being reliant on receiving additional funding in order to be in a position to pay its debts as and when they become due. The Directors are confident with the subscription of $17.5 million through the Offer, the Company will have sufficient working capital to meet its debts as they arise and to continue trading as a going concern. For the purposes of preparing this report we have performed limited assurance procedures in relation to Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in section 4 of the Prospectus.
We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Directors’ responsibilities

The directors of irexchange are responsible for the preparation of the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Historical Information.

The directors’ responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the Pro Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in section 4 of the Prospectus, comprising:

- the pro forma historical consolidated income statements of irexchange for the period ended 30 June 2017 and year ended 30 June 2018;
- the pro forma historical consolidated statements of cash flow of irexchange for the period ended 30 June 2017 and year ended 30 June 2018; and
- the pro forma consolidated historical balance sheet of irexchange as at 30 June 2018,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 4 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and irexchange’s accounting policies.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Transaction, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor.
of irexchange and from time to time, KPMG also provides irexchange with certain other professional services for which normal professional fees are received.

General advice warning

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 take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to section 4 of the Prospectus, 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. 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.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant’s Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

James Hindle
Authorised Representative
What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) ("KPMG Transaction Services"), and James Hindle as an authorised representative of KPMG Transaction Services, authorised representative number 404268 (Authorised Representative).

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant’s Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

KPMG Financial Advisory Services (Australia) Pty Ltd is affiliated with KPMG. KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services’ behalf.

**KPMG Transaction Services and the Authorised Representative’s responsibility to you**

KPMG Transaction Services has been engaged by irexchange Limited (‘irexchange’) to provide general financial product advice in the form of a Report to be included in Prospectus (Document) prepared by irexchange in relation to the proposed initial public offering of shares in irexchange and subsequent listing on the Australian Securities Exchange (Transaction).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the irexchange.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

**General Advice**

As KPMG Transaction Services has been engaged by irexchange, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

**Fees**

KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, irexchange. Fees are agreed on either a fixed fee or a time cost basis. In this instance, irexchange has agreed to pay KPMG Transaction Services $135,000 for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG’s Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services’ representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

**Referrals**

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

**Associations and relationships**

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services’ directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the irexchange or has other material financial interests in the transaction.
Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
Level 38, Tower Three
300 Barangaroo Avenue
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

James Hindle
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200
9. Additional Information
9. Additional Information

9.1 Registration
The Company was incorporated on 10 May 2016 in Victoria as a public company.

9.2 Group structure
The Group comprises the Company and its two wholly-owned subsidiaries, Netget Australia Pty Ltd and Integrated Retail Distribution Pty Ltd.

Netget Australia Pty Ltd was registered in Victoria on 10 May 2016 and is the trading entity of the Group which employs the Group’s staff and enters into contracts with retailers and suppliers.

Integrated Retail Distribution Pty Ltd was registered in Victoria on 23 March 2012 and is the former operating company of the Group. It holds the Company’s intellectual property but does not trade.

9.3 Capital structure
The Company’s capital structure comprises Shares, Convertible Notes (which will convert to Conversion Shares under the Convertible Noteholder Offer) and Employee Options.
9.3.1 Employee Options

Employee Options were issued to current and former employees, contractors and officers of the Company under employee share option plans that have closed prior to Listing. Any future employee equity grants will be made pursuant to the Employee Incentive Plan described in Section 6.8.

Employee Options have been or will be issued to the following persons and will vest on Listing.

<table>
<thead>
<tr>
<th>Name of employee</th>
<th>Name of Option holder</th>
<th>Options held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brett Charlton</td>
<td>Serendipity Future Investments Pty Ltd ACN 625 537 591</td>
<td>500,000</td>
</tr>
<tr>
<td>Brett Coventry</td>
<td>Boulevard X Pty Ltd ATF Boulevard X Family Trust</td>
<td>250,000</td>
</tr>
<tr>
<td>Gregory James Frye</td>
<td>Gregory James Frye</td>
<td>550,000</td>
</tr>
<tr>
<td>Terry Sinclair</td>
<td>AuxCo Pty Ltd ATF the Sinclair Superannuation Fund</td>
<td>200,000</td>
</tr>
<tr>
<td>Other employees</td>
<td>–</td>
<td>1,258,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2,758,000</strong></td>
</tr>
</tbody>
</table>

Employee Options have been issued on the following terms.

<table>
<thead>
<tr>
<th>Term</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exercise price</td>
<td>$1.00</td>
</tr>
<tr>
<td>Exercise</td>
<td>One ordinary share will be issued on exercise of an Employee Option.</td>
</tr>
<tr>
<td>Expiry Date</td>
<td>Employee Options will expire on 16 November 2023.</td>
</tr>
<tr>
<td>Lapse on Expiry Date</td>
<td>Any Employee Option not exercised before the Expiry Date will automatically lapse on the day after the Expiry Date.</td>
</tr>
<tr>
<td>Transfer rights</td>
<td>Employee Options are not transferable or assignable.</td>
</tr>
<tr>
<td>Other rights</td>
<td>Employee Optionholders (who are non-Shareholders) are not entitled to notice of, or attendance at, any meeting of Shareholders or to receive any dividends declared by the Company, as a result of holding Options, until their Employee Options have been exercised and Shares have been issued.</td>
</tr>
</tbody>
</table>

The Employee Options were issued pursuant to ASIC class order relief which provided an exemption from the requirement to issue a prospectus.

9.3.2 Options

Pursuant to the terms of the Offer Management Agreement described in Section 9.4, Options will be issued to the Lead Manager under the Option Offer on Completion of the Offer. The Options will be issued on the following terms.

<table>
<thead>
<tr>
<th>Term</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Options</td>
<td>291,667 being equal to 1.5% of the total number of New Shares to be issued under the Broker Firm Offer and General Offer and will be issued to the Lead Manager.</td>
</tr>
<tr>
<td>Exercise price</td>
<td>$1.35 per Option (being a 50% premium to the Offer Price).</td>
</tr>
<tr>
<td>Exercise</td>
<td>One ordinary share will be issued on exercise of an Option.</td>
</tr>
<tr>
<td>Expiry Date</td>
<td>3 years from the date of Listing.</td>
</tr>
<tr>
<td>Lapse on Expiry Date</td>
<td>Any Option not exercised before the Expiry Date will automatically lapse on the day after the Expiry Date.</td>
</tr>
<tr>
<td>Transfer rights</td>
<td>Options are not transferable or assignable.</td>
</tr>
</tbody>
</table>
9.3.3 Convertible Notes

Prior to the Prospectus Date, the Company issued $16.42 million of Convertible Notes. After the Prospectus Date but prior to the Opening Date, the Company intends to issue a further $2.33 million of Convertible Notes.

The Convertible Notes have been, and will be, issued on the following terms.

<table>
<thead>
<tr>
<th>Term</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity date</td>
<td>18 months from the date of issue of each Convertible Note.</td>
</tr>
<tr>
<td>Interest</td>
<td>8% per annum until the relevant maturity date of each Convertible Note.</td>
</tr>
<tr>
<td>Conversion price</td>
<td>25% discount to the Offer Price.</td>
</tr>
</tbody>
</table>

Under the terms of issue of the Convertible Notes, all outstanding principal and interest owed under the Convertible Notes will automatically convert to ordinary shares on the occurrence of a “conversion event”, including the Company listing on ASX.

A condition to automatic conversion of a Convertible Note is that Listing occur prior to the maturity date of that Convertible Note.

The Convertible Notes start to mature on 15 February 2019 (i.e. prior to the expected date of Completion). Accordingly, agreement from the relevant Convertible Noteholders whose Convertible Notes mature prior to Completion is being sought to extend the maturity date of their respective Convertible Notes. Receipt of such consent is a condition to Completion (see Section 7.2 for further information).

If any Convertible Noteholder fails to provide such consent, the Listing will not take place and the Offer will be withdrawn.

9.4 Offer Management Agreement

The Company has entered into an offer management agreement with the Lead Manager to provide services in connection with the Listing (Offer Management Agreement). Under the Offer Management Agreement, the Lead Manager has agreed to arrange and manage the Offer. A summary of the key terms Offer Management Agreement is set out below.

9.4.1 Fees, costs and expenses

Under the Offer Management Agreement, the Lead Manager will be paid as follows:

- 6% of the gross proceeds of the IPO is payable to the Lead Manager promptly upon the closing of the IPO; and

- the Company will issue Options in the Company equivalent in number to 1.5% of the total number of New Shares issued under the Offer.

9.4.2 Customary terms

In accordance with the Offer Management Agreement and as is customary with these types of arrangements:

- the Company has (subject to certain usual limitations) agreed to indemnify the Lead Manager to the Offer, its related bodies corporate, its directors, officers, advisers and employees against any losses arising directly or indirectly in connection with the Offer (including for publicity, regulatory reviews or non-compliance of the Prospectus), or a breach by the Company of any provision including representation or warranty of, the Offer Management Agreement;

  - the Company has given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer and the content of the Prospectus; and

  - the Lead Manager may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Offer Management Agreement and be released from their obligations under it on the occurrence of certain events on or prior to the settlement date of the Offer, including (but not limited to) where:
    - a statement contained in the Offer materials is or becomes materially misleading or deceptive or likely to mislead or deceive or the Offer materials omit any information they are required to contain (having regard to the relevant Corporations Act requirements);
    - ASX does not approve the Listing of the Company;
    - there are changes in senior management or the Board;
material adverse changes to the financial markets, political or economic conditions of key countries, trading halts on all securities listed on certain security exchanges, banking moratoriums, hostilities commence or escalate in key countries or a major terrorist act is perpetrated in key countries;

- subject to a materiality threshold, the Company breaches any law or regulatory requirements or the Company fails to conduct the Offer in accordance with the law;

- there is, or is likely to be, a material adverse change, or event involving a prospective material adverse change, in assets, liabilities, financial position or performance, profits, losses or prospects of the Company;

- subject to a materiality threshold, a regulatory investigation or legal action is commenced against the Company; or

- subject to a materiality threshold, a breach of the representations, warranties and undertakings or default of the Offer Management Agreement.

Please note that the above is not an exhaustive list of the terminations events in the Offer Management Agreement.

### 9.5 Constitution

Prior to Completion and subject to Shareholder approval, the Company will adopt a new constitution that is suitable for a publicly listed Company prior to Listing. The following sections summarise the most significant rights attaching to the Shares and other material provisions of the Company's new Constitution that will be adopted. These summaries are not exhaustive and do not constitute a definitive statement of the rights and liabilities of Shareholders. Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### 9.5.1 Rights attaching to Shares

(i) Ordinary shares

The Offer Shares to be issued under this Prospectus will rank equally with the issued fully paid ordinary shares in the Company. The rights attaching to Shares are set out in the Company's Constitution and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law.

(ii) Preference shares

irexchange may issue preference shares including preference shares which are, or at the option of irexchange or holder are, redeemable or convertible to Shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by members in accordance with the Corporations Act.

(iii) General meetings

Shareholders are entitled to be present in person or by proxy, attorney or representative to attend and to vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Company’s Constitution.

(iv) 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 of classes of Shareholders:

(A) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote (except if that person is entitled to vote in more than one capacity); and

(B) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by that person or in respect of which the person is appointed proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.
(v) Dividend rights
The Board may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a Share, all dividends will be declared and paid according to the proportion of the amount paid on the Share to the total amount payable in respect of the Share (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Board as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Board may from time to time grant to Shareholders or to any class of Shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may at their discretion resolve, in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions provided for in the Constitution. The Directors may set aside out of the profits of the Company such amounts as 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 properly be applied.

(vi) Transfer of Shares
Generally, Shares in the Company 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 and the ASX Listing Rules.

(vii) Future increase in capital
The allotment and issue of any new Shares is under the control of the Board. Subject to restrictions on the issue or grant of new Shares contained in the ASX Listing Rules, the Company’s Constitution and the Corporations Act (and without affecting any special right previously conferred upon the holder of an existing Share or class of Shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(viii) Winding-up
If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, distribute among the Shareholders the whole or any part of the assets of the Company, and may for that purpose set such value as they consider fit upon any assets to be so divided, and may determine how the assets are to be distributed 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 assets in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit. No Shareholder is compelled to accept any Shares, securities or other assets in respect of which there is any liability.

(ix) Variation of rights
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 at least 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.

9.5.2 Other material provisions of the Constitution

(i) Non-marketable parcels
Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Board may sell the Shares of a Shareholder who holds less than a marketable parcel by following the procedures set out in the Constitution.
(ii) Proportional takeover provisions
The Constitution contains provisions for Shareholder approval to be required in relation to any proportional takeover bid. These provisions will cease to apply on the day that is three years after the adoption of the Constitution or, if the provisions have been renewed in accordance with the Corporations Act, three years after their last renewal.

(iii) Appointment and removal of Directors
Under the Constitution, irexchange will have at least three Directors, unless otherwise provided by the Corporations Act and the maximum is 10 unless the Shareholders pass a resolution varying that number. Directors are elected at annual general meetings of irexchange. Retirement will occur on a rotational basis so that any Director who has held office for three or more annual general meetings (excluding the CEO) faces re-election. The Directors may also appoint a Director to fill a casual vacancy on the Board to the extent necessary to bring the number of Directors up to the minimum. Subject to the provision setting a maximum number of Directors, Directors may at any time appoint any person to be a Director, who will then hold office until the next annual general meeting of irexchange and is then eligible for election at that meeting.

(iv) Remuneration of Directors
Refer to Sections 6.5 and 6.6 for a description of the remuneration arrangements for Directors.
irexchange may pay to each Director for their services as a Director such fees (excluding the salaries of executive Directors) as the Board may decide, provided that the aggregate of such fees does not exceed $750,000 (as may be varied by ordinary resolution of the Shareholders in a general meeting) in any financial year.
If a Director at the request of the Board performs additional or special services for irexchange, irexchange may pay or provide to that Director such remuneration or other benefits as the Board determines having regard to the value to irexchange of the additional or special services provided.
Subject to the Corporations Act and the ASX Listing Rules irexchange may establish and maintain any share, option or other incentive scheme for the benefit of Directors or in which Directors are permitted to participate, and may grant to the Directors benefits under any such scheme.

(v) Powers and duties of Directors
The business of irexchange is to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all the powers that are within irexchange’s power (that are not required by law or by the Constitution to be exercised by irexchange in general meeting).

(vi) Indemnities
To the extent permitted by law, irexchange indemnifies each person who is or has been a Director, secretary or other officer of irexchange or a subsidiary of irexchange against any liability incurred by the person in that capacity, and legal costs incurred by that person in connection with any judicial proceedings or investigation in which that person becomes involved as a result of holding that office. To the extent permitted by law, irexchange may make a payment (whether by way of an advance or loan) to a person who is or has been a Director, secretary or other officer in respect of legal costs incurred by that person in connection with any judicial proceedings or investigation in which that person becomes involved as a result of holding that office.

9.6 4PL contract with DHL
The Company’s subsidiary, Netget Australia Pty Ltd, entered into a 4PL contract with DHL Supply Chain (Australia) Pty Ltd (DHL). This Section 9.6 contains a summary of the contract with DHL and its substantive terms which are not otherwise disclosed elsewhere in this Prospectus. This summary is included for information only, does not purport to be complete and is qualified by the text of the contract itself.

9.6.1 Provision of logistics
Under the contract, DHL has agreed to provide warehousing services on behalf of the Group, for fast moving, packaged consumer goods that are supplied to supermarket and grocery outlets. The warehouses are located in New South Wales and Victoria. The term of the agreement is for 5 years. The agreement may be renewed by the Group by notice in writing to DHL at least 9 months prior to the end of the term.
9. Additional Information

9.6.2 Indemnities
The Group provides a number of indemnities to DHL under the agreement. The maximum liability of each party in respect of any claim is limited to $100,000 in respect of any single claim event, and $1,000,000 in aggregate in respect of all conduct leading to a claim event in respect of any accounting year.

9.6.3 Termination
The contract can be terminated by either party for a material breach that has not been remedied or in the event of insolvency.

DHL may terminate the agreement if the Group fails to provide a bank guarantee (if requested by DHL).

The Group may terminate if DHL fails to meet agreed key performance indicators.

9.6.4 Exclusivity
Under the agreement, DHL is the exclusive provider of the warehousing services to the Group and will have a first right of refusal should the Group expand its facilities or business operations.

9.6.5 Bank guarantee
Under the agreement DHL has the right to demand a bank guarantee. As at the date of this Prospectus DHL has not demanded and the Company has not provided a bank guarantee. DHL can terminate the agreement if the Company does not provide a bank guarantee. See Section 9.6.3 for further information.

9.7 Agreements with Viridian
The Group acquired the Vision software from Viridian in September 2015. Pursuant to that agreement, $1 million in consideration has been paid to Viridian and $5 million remains outstanding. Viridian has consented to receive the outstanding payment of the $5 million as follows:

- on Completion, the Company will:
  - pay $650,000; and
  - issue Settlement Shares to the value of $4,250,000, to Viridian; and
- $100,000 will be paid in 10 equal monthly instalments of $10,000 commencing on 14 June 2019.

This arrangement is subject to Shareholder approval.

In addition, the Group has a software support agreement in place with Viridian pursuant to which Viridian provides support services in relation to the modification and use of the Vision software. Under this agreement the Company pays $60,000 per month to Viridian. This agreement ceases on 31 May 2019.

9.8 Consultancy agreements with the Founders
The Company entered into consultancy services agreements with founders Greg Doolan and Trevor House to provide consultancy services in connection with the Listing, pursuant to which the Company agreed to pay the Founders a total of $2,000,000. An initial payment of $600,000 will be made on Completion out of the funds raised from the Offer. The balance will accrue interest at a rate of 5.5% per annum and is payable on 31 December 2020.

9.9 Settlement with Terry Sinclair
The Company will issue 400,000 Settlement Shares and 200,000 Employee Options to Terry Sinclair (or an entity nominated by him) in satisfaction of obligations owed to him as a former officer of the Group.

The issue of 400,000 Settlement Shares is subject to Shareholder approval.
9.10 Litigation and claims

The Company has been threatened with litigation by an investor who has notified the Company that they intend to institute proceedings to recover alleged losses. As at the date of this Prospectus, the Company does not believe that the investor has incurred any losses. As far as the Company is aware, the investor has not instituted proceedings. It is not presently possible for the Company to provide any reliable assessment of whether proceedings will be instituted and, if they are, the likely quantum of damages that may be sought. Litigation is inherently uncertain and, if proceedings are instituted, there is a risk that it could produce an unfavourable outcome.

Other than as set out above, the Directors are not aware of any litigation of a material nature instituted, pending or threatened involving the Company.

9.11 Summary of Australian tax issues for Australian tax resident investors

9.11.1 Taxation considerations

The following tax comments are based on the tax law in Australia in force as at the date of the Prospectus. Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or a complete statement of all potential tax implications for each investor or relied upon as tax advice. During the period of ownership of the Shares by investors, the taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each investor’s specific circumstances. Investors should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax and stamp duty implications for Australian resident individuals, complying superannuation entities, trusts, partnerships and corporate investors that hold their Shares on capital account. These comments do not apply to investors that hold Shares as trading stock on revenue account, investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 (Cth) which have made elections to apply the fair value or Reliance on Financial Reports (ROFR) methodologies.

Taxation issues, such as (but not limited to) those covered by this Section 9.11, are only one of the matters an investor needs to consider when making a decision about a financial product. Investors should consider taking advice from someone who holds an Australian financial services licence before making such a decision.

9.11.2 Dividends paid on Shares

Dividends may be paid to Shareholders by the Company. To the extent available, the Company may attach ‘franking credits’ to such dividends. Franking credits broadly represent the extent to which a dividend is paid by the Company out of profits that have been subject to Australian income tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

It should be noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such transactions as off-market share buy-backs.

9.11.3 Australian tax resident individuals and complying superannuation entities

Dividends paid by the Company on a Share will constitute assessable income of an Australian tax resident investor in the income year in which dividends are received by the investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend. Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the investor’s taxable income. Where the tax offset exceeds the tax payable on the investor’s taxable income, such investor should be entitled to a tax refund equal to the excess.

To the extent that the dividend is unfranked, the investor should include the dividend in their assessable income with no tax offset available.

9.11.4 Australian tax resident corporate shareholders

Corporate investors are also required to include both the dividend and associated franking credit in their assessable income. They are then entitled to a tax offset up to the amount of the franking credit attached to the dividend. Where the tax offset exceeds the tax payable, the excess cannot give rise to a refund entitlement for a company but can be converted into carry forward tax losses.
An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credits attached to the distribution received. This will allow the corporate investor to pass on the benefit of the franking credits to its own investor(s) on the subsequent payment of dividends.

9.11.5 Australian tax resident trusts and partnerships
Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary’s or partner’s share of the net income of the trust or partnership.

9.11.6 Australian tax resident shares held ‘at risk’
The benefit of franking credits can be denied where an investor is not a ‘qualified person’ in which case the investor will not need to include an amount of the franking credits in their assessable income and will not be entitled to a corresponding tax offset.

Broadly, to be a ‘qualified person’, two tests must be satisfied, namely the holding period rule and the related payment rule.

Under the holding period rule, an investor is required to hold Shares ‘at risk’ for more than 45 days continuously over a specified period in order to qualify for franking benefits, including franking credits. This period is measured as the period commencing the day after the Shares were acquired and ending on the 45th day after the Shares become ex-dividend.

This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed $5,000. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the Shares at risk for the continuous 45 day period as above but within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the Shares become ex-dividend.

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

9.11.7 Australian capital gains tax implications for Australian tax resident Shareholders on a disposal of Shares
Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the Australian capital gains tax (CGT) provisions in respect of the disposal of their Shares. Some Shareholders may hold their Shares on revenue account as trading stock or be subject to the Taxation of Financial Arrangements regime. These Shareholders should seek their own professional advice in respect of the consequences of a disposal of Shares.

Where the capital proceeds received on disposal of the Shares exceed the CGT cost base of those Shares, Australian tax resident Shareholders will be required to recognise a capital gain. The CGT cost base of the Shares should generally be equal to the issue price or acquisition price of the Shares plus, among other things, transaction or incidental costs associated with the acquisition and disposal of the Shares. In respect of the CGT cost base of the Shares, this amount may be reduced as a result of the Shareholder receiving non-assessable distributions from the Company, such as returns of capital.

Conversely, Australian tax resident Shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

All capital gains and losses recognised by an Australian tax resident Shareholder for an income year are added together. To the extent that a net gain exists, such Shareholder should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided certain loss recoupment tests are satisfied). Any remaining net gain (after the application of any carried forward capital losses) will then be required to be included in the Australian tax resident Shareholder’s assessable income (subject to the comments below in relation to the availability of the CGT discount concession) and will be taxable at the Shareholder’s applicable rate of tax. Where a net capital loss is recognised, the loss will only be deductible against future capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate Shareholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the Shares have been held for at least 12 months prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder or trust, and a one third reduction of a capital gain for an Australian tax resident Shareholder that is a complying superannuation entity. The CGT
discount applies to any net capital gain (i.e. it applies after capital losses have been deducted against any gains). The concession is not available to corporate Shareholders.

In relation to trusts, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied. Shareholders that are trusts should seek specific advice as to the circumstances in which a beneficiary may be entitled to a CGT discount.

9.11.8 Tax File Numbers
A shareholder is not obliged to quote their tax file number (TFN), or where relevant, Australian Business Number (ABN), to the Company. However, if a TFN or ABN is not quoted and no exemption is applicable (i.e. exemption details are not provided by the Shareholder), Australian income tax is required to be deducted by the Company at the highest marginal tax rate plus the Medicare levy from certain dividends paid.

9.11.9 Stamp duty
The below provides high level guidance on the landholder duty implications for the acquisition of the Offer Shares. However, investors would need to seek their own advice to determine whether any duty would be payable on the acquisition of Shares under the Listing and any subsequent acquisitions/disposal of Shares.

9.11.10 Landholder duty
Stamp duty is a state/territory based tax. An entity will be a landholder if it holds, directly or indirectly through its subsidiaries, interests in land (i.e. freehold land, leaseholds and fixtures/assets fixed to land depending on the jurisdiction) which have an unencumbered market value that meets or exceeds the relevant landholder duty threshold in the relevant state/territory.

The landholder duty threshold in each state/territory ranges from nil to $2 million and landholder duty is calculated at rates of up to 5.95% on the unencumbered market value of the landholder’s interests in land (and goods in certain jurisdictions). Higher rates apply to residential land if the acquirer of the interest is a foreign person.

9.11.11 The Company is a landholder and listed on ASX
Where the Company is listed on ASX and is a landholder in any State or Territory in Australia, no landholder duty should be payable by a Shareholder on the acquisition of the New Shares under the Listing (i.e. the issuance of New Shares by the Company under the Listing) if the investors:

- acquire the New Shares after the Company is listed and all of the Shares of the Company are quoted on ASX; and
- each investor and any associated persons (or persons acquiring under one arrangement or in concert) do not acquire 90% or more of the interests in the Company or, as a result of the acquisition, hold 90% or more of the interests in the Company.

Further, under current stamp duty legislation, stamp duty should not ordinarily be payable on any subsequent acquisition of Shares by a Shareholder provided the above requirements are met.

9.11.12 The Company is not a landholder
No landholder duty should be payable on the acquisition of New Shares under the Listing by the investor where the Company is not a landholder in any State or Territory.

9.11.13 Australian Goods and Services Tax
Under current Australian GST law, GST should not be payable in respect of the issue of New Shares by the Company which will be input taxed financial supplies made to Australian investors. No GST will be payable on the payment of dividends on the basis dividends are not consideration for any supply.

However, Australian investors may be charged GST on brokerage, or other professional advisory services acquired by them in their own right in relation to the proposed Listing of the Company.

Australian investors should seek their own advice to determine whether they will be entitled to claim GST incurred on costs associated with the acquisition of New Shares.
9. Additional Information

9.12 Consent to be named and statement of disclaimers of responsibility

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Offer Shares), the Directors, and any 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 disclaims and takes 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.

- Peloton Capital has given its written consent to being named as Lead Manager in this Prospectus. Peloton Capital has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.
- KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Ltd, has given its written consent to be named in this Prospectus as Investigating Accountant to irexchange in relation to the Financial Information in the form and context in which it is named and to the inclusion of its Investigating Accountant’s Report on the Financial Information in Section 8 in the form and context in which it appears in this Prospectus. KPMG Transaction Services has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- KPMG has given its written consent to being named as Auditor in this Prospectus. KPMG has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- Sundaraj & Ker has given its written consent to being named as the Australian Legal Advisers to the Company in this Prospectus. Sundaraj & Ker has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.
- Link Market Services Limited has given its written consent to being named as the Registry to the Company in this Prospectus. Link Market Services Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.
- Frost & Sullivan has given its written consent to being named in this Prospectus in relation to the inclusion in this Prospectus of references to its report “Market Report – FMCG Retail Market in Australia” dated 21 December 2018, commissioned by the Company. Frost & Sullivan has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

9.13 Costs of the Offer

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASX listing fees</td>
<td>$132,000</td>
</tr>
<tr>
<td>Professional adviser fees</td>
<td>$435,000</td>
</tr>
<tr>
<td>Lead Manager’s fees</td>
<td>$1,050,000</td>
</tr>
<tr>
<td>Other costs</td>
<td>$683,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,300,000</strong></td>
</tr>
</tbody>
</table>
9.14 Company tax status

The Company is and will be subject to tax at the relevant corporate tax rate. The Company has formed an income tax consolidated group with the Company as head entity and both wholly owned subsidiaries are members of this group. The Company is part of a GST group, of which Netget is the head entity and IRD and the Company are members.

9.15 Governing law

This Prospectus and the contracts that arise from the acceptance of applications and bids under this Prospectus are governed by the laws applicable in New South Wales, Australia and each applicant and bidder under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

9.16 Statement of Directors

This Prospectus has been authorised by each Director of the Company who has consented to its lodgement with ASIC and its issue and has not withdrawn that consent.
APPENDIX A:
Glossary
## Appendix A: Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>3PL</td>
<td>Third-party logistics provider who provides outsourced logistics services.</td>
</tr>
<tr>
<td>4PL</td>
<td>Fourth-party logistics provider who provides both outsourced logistics services and distribution centre services.</td>
</tr>
<tr>
<td>$</td>
<td>Australian dollars.</td>
</tr>
<tr>
<td>AAS</td>
<td>Australian Accounting Standards.</td>
</tr>
<tr>
<td>AASB</td>
<td>Australian Accounting Standards Board.</td>
</tr>
<tr>
<td>ABN</td>
<td>Australian business number.</td>
</tr>
<tr>
<td>Allotment Date</td>
<td>The date on which Offer Shares offered under this Prospectus will be allotted.</td>
</tr>
<tr>
<td>Applicant</td>
<td>A person who submits an Application.</td>
</tr>
<tr>
<td>Application</td>
<td>An application to subscribe for New Shares offered under this Prospectus.</td>
</tr>
<tr>
<td>Application Form</td>
<td>The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility).</td>
</tr>
<tr>
<td>Australian Accounting Standards</td>
<td>Australian Accounting Standards and other authoritative pronouncements issued by the AASB.</td>
</tr>
<tr>
<td>Application Monies</td>
<td>The Offer Price multiplied by the number of New Shares applied for by an Applicant under the Offer.</td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investments Commission.</td>
</tr>
<tr>
<td>ASX</td>
<td>Australian Securities Exchange, as operated by ASX Limited ACN 008 624 691.</td>
</tr>
<tr>
<td>ASX Listing Rules</td>
<td>The official rules of the ASX governing the procedures and behaviour of all listed entities.</td>
</tr>
<tr>
<td>ASX Principles</td>
<td>The ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations.</td>
</tr>
<tr>
<td>Award</td>
<td>Interests or awards available under the Company’s EIP including performance rights, options, cash rights, deferred share awards, exempt share awards, service rights and stock appreciation rights.</td>
</tr>
<tr>
<td>AWS</td>
<td>Amazon Web Services.</td>
</tr>
<tr>
<td>Board</td>
<td>The board of Directors of the Company.</td>
</tr>
<tr>
<td>Bpay</td>
<td>The payment mechanism used to pay Application Monies online.</td>
</tr>
<tr>
<td>Broker</td>
<td>Any ASX participating organisation selected by the Lead Manager or financial advisers to act as a broker to the Offer.</td>
</tr>
</tbody>
</table>
## Appendix A: Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker Firm Offer</td>
<td>Offer of New Shares under this Prospectus to Australian resident retail clients of brokers who have received a firm allocation from their brokers as more fully set out in Section 7.7.</td>
</tr>
<tr>
<td>Broker Firm Application Form</td>
<td>The Application Form made available with a copy of this Prospectus, identified as the Broker Firm Application Form.</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound annual growth rate.</td>
</tr>
<tr>
<td>CBEC</td>
<td>Cross-border e-commerce.</td>
</tr>
<tr>
<td>CGT</td>
<td>Capital gains tax.</td>
</tr>
<tr>
<td>CHESS</td>
<td>ASX’s Clearing House Electronic Sub-register System. See Section 7.23.</td>
</tr>
<tr>
<td>Company</td>
<td>irexchange Limited ACN 612 319 276.</td>
</tr>
<tr>
<td>Closing Date</td>
<td>The date on which the offer under the Broker Firm Offer and General Offer closes.</td>
</tr>
<tr>
<td>Completion or Completion of the Offer</td>
<td>The Completion of the Offer, being the date on which Offer Shares are issued or transferred to the relevant recipient in accordance with the terms of the relevant Offer.</td>
</tr>
<tr>
<td>Constitution</td>
<td>The constitution of irexchange which is suitable for a publicly listed company and will be adopted prior to Listing.</td>
</tr>
<tr>
<td>Conversion Shareholders</td>
<td>Shareholders holding Shares as a result of the conversion of Convertible Notes.</td>
</tr>
<tr>
<td>Conversion Shares</td>
<td>The Shares to be issued to Convertible Noteholders on the conversion of their Convertible Notes under the Convertible Noteholder Offer.</td>
</tr>
<tr>
<td>Convertible Noteholders</td>
<td>The holder of a Convertible Note.</td>
</tr>
<tr>
<td>Convertible Notes</td>
<td>Convertible notes issued by the Company, the terms of which are described in Section 9.3.3.</td>
</tr>
<tr>
<td>Convertible Noteholder Offer</td>
<td>The offer and issue of Conversion Shares.</td>
</tr>
<tr>
<td>Corporations Act</td>
<td>Corporations Act 2001 (Cth).</td>
</tr>
<tr>
<td>DHL</td>
<td>DHL Supply Chain (Australia) Pty Ltd.</td>
</tr>
<tr>
<td>Director</td>
<td>A director of the Company.</td>
</tr>
<tr>
<td>EDM</td>
<td>Electronic Direct Mail.</td>
</tr>
<tr>
<td>EIP</td>
<td>Employee Incentive Plan.</td>
</tr>
<tr>
<td>Eligible Applicants</td>
<td>Executives and employees of the Company (as determined by the discretion of the Board) who are eligible to participate in the Company’s EIP.</td>
</tr>
<tr>
<td>Escrowed Securityholders</td>
<td>Certain securityholders who have or will enter into restricted security agreements in respect of their securities in the Company, as described in Section 7.13.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Employee Option</td>
<td>An option over an unissued Share that has or will be issued to current and former employees, contractors and officers of the Company or another member of the Group.</td>
</tr>
<tr>
<td>Existing Investors</td>
<td>Existing Shareholders, the holders of Settlement Shares and the holders of Conversion Shares.</td>
</tr>
<tr>
<td>Existing Shareholder</td>
<td>Any Shareholder of irexchange as at the date of this Prospectus.</td>
</tr>
<tr>
<td>Exposure Period</td>
<td>The 14 day period after the date of lodgement of this Prospectus with ASIC.</td>
</tr>
<tr>
<td>Financial Information</td>
<td>The Historical Financial Information and Pro Forma Historical Financial Information described in Section 4.</td>
</tr>
<tr>
<td>FMCG</td>
<td>Fast moving consumer goods.</td>
</tr>
<tr>
<td>Frost &amp; Sullivan</td>
<td>Frost &amp; Sullivan Australia Pty Ltd ACN 096 869 108.</td>
</tr>
<tr>
<td>Founders</td>
<td>Greg Doolan and Trevor House, and Founder means any one of them as the case requires.</td>
</tr>
<tr>
<td>FY17</td>
<td>Financial period ended 30 June 2017.</td>
</tr>
<tr>
<td>FY18</td>
<td>Financial year ended 30 June 2018.</td>
</tr>
<tr>
<td>General Offer</td>
<td>The offer of New Shares under this Prospectus to retail investors who have a registered address in Australia and certain Institutional Investors in Australia, New Zealand and certain other jurisdictions in the world, who are not in the United States and are not US Persons, as described in Section 7.8.</td>
</tr>
<tr>
<td>General Offer Application Form</td>
<td>The Application Form made available with a copy of this Prospectus, identified as the General Offer Application Form.</td>
</tr>
<tr>
<td>Glossary</td>
<td>This glossary.</td>
</tr>
<tr>
<td>Group</td>
<td>irexchange and its Subsidiaries.</td>
</tr>
<tr>
<td>HIN</td>
<td>Holder Identification Number.</td>
</tr>
<tr>
<td>Historical Financial Information</td>
<td>The historical financial information described as Historical Financial Information in Section 4.1.2.</td>
</tr>
<tr>
<td>IaaS</td>
<td>Infrastructure-as-a-service.</td>
</tr>
<tr>
<td>IASB</td>
<td>International Accounting Standards Board.</td>
</tr>
<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Institutional Investor</td>
<td>An investor:</td>
</tr>
<tr>
<td></td>
<td>(a) in Australia who is a ‘wholesale client’ for the purpose of section 761G of the Corporations Act and who is either a “professional investor” or “sophisticated investor” under sections 708(11) and 708(8) of the Corporations Act; or</td>
</tr>
<tr>
<td></td>
<td>(b) in certain other jurisdictions, as agreed between the Lead Manager and the Company, to whom offers or invitations in respect of securities can be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one which the Company is willing, in its absolute discretion, to comply provided that such investors are not in the United States).</td>
</tr>
<tr>
<td>Investigating Accountant</td>
<td>KPMG Transaction Services.</td>
</tr>
<tr>
<td>Investigating Accountant’s Report</td>
<td>The report provided by the Investigating Accountant set out in Section 8.</td>
</tr>
<tr>
<td>IPO</td>
<td>An initial public offering of Shares made under a prospectus that states that the Company has or will apply, in conjunction with the offering, for quotation of Shares on ASX.</td>
</tr>
<tr>
<td>IRD</td>
<td>Integrated Retail Distribution Pty Ltd ACN 156 438 961.</td>
</tr>
<tr>
<td>irexchange</td>
<td>irexchange Limited ACN 612 319 276 or the business of the Group, as the context requires.</td>
</tr>
<tr>
<td>Lead Manager</td>
<td>Peloton Capital.</td>
</tr>
<tr>
<td>Listing</td>
<td>The completion of the Offer and listing of all the Shares on the ASX.</td>
</tr>
<tr>
<td>KPMG Transaction Services</td>
<td>A division of KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215.</td>
</tr>
<tr>
<td>Management</td>
<td>The management team of irexchange.</td>
</tr>
<tr>
<td>MLO</td>
<td>Market Leading Offers.</td>
</tr>
<tr>
<td>Netget</td>
<td>Netget Australia Pty Ltd ACN 612 322 399.</td>
</tr>
<tr>
<td>New Shares</td>
<td>Up to 19,444,444 new Shares to be issued by the Company at the Offer Price under the Broker Firm Offer and the General Offer.</td>
</tr>
<tr>
<td>Offer</td>
<td>The Offer of New Shares, Conversion Shares, Settlement Shares and Options under this Prospectus.</td>
</tr>
<tr>
<td>Offer Document</td>
<td>The documents issued or published by or on behalf of the Company in respect of the Offer, including:</td>
</tr>
<tr>
<td></td>
<td>• the Prospectus, the Application Form and any supplementary prospectus; and</td>
</tr>
<tr>
<td></td>
<td>• any communications (whether written or electronic) that are presented or provided to prospective investors (including any Pathfinder Prospectus, roadshow and management presentations or other investor presentations by or on behalf of the Company.</td>
</tr>
</tbody>
</table>
| Offer Management Agreement    | The offer management agreement between the Company and the Lead Manager dated on or about the Prospectus Date (see Section 9.4). }
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer Period</td>
<td>The period from the Opening Date to the Closing Date.</td>
</tr>
<tr>
<td>Offer Price</td>
<td>$0.90 per New Share.</td>
</tr>
<tr>
<td>Offer Securities</td>
<td>Offer Shares and Options.</td>
</tr>
<tr>
<td>Offer Shares</td>
<td>New Shares, Conversion Shares and Settlement Shares.</td>
</tr>
<tr>
<td>Official List</td>
<td>The official list of entities that ASX has admitted and not removed from listing.</td>
</tr>
<tr>
<td>Opening Date</td>
<td>The date on which the offer under the Broker Firm Offer and General Offer opens.</td>
</tr>
<tr>
<td>Option Offer</td>
<td>The offer of 291,667 Options to the Joint Lead Manager.</td>
</tr>
<tr>
<td>Options</td>
<td>Options over Shares to be issued on the terms described in Section 9.3.2.</td>
</tr>
<tr>
<td>OTC</td>
<td>Over the counter.</td>
</tr>
<tr>
<td>PAYG Withholding</td>
<td>The legal obligation of an employer to keep a portion of payments made to its employees attributable to income tax for subsequent payment to the Australian Tax Office.</td>
</tr>
<tr>
<td>P&amp;C</td>
<td>Petrol and convenience.</td>
</tr>
<tr>
<td>PBS</td>
<td>Pharmaceutical Benefits Scheme.</td>
</tr>
<tr>
<td>Peloton Capital</td>
<td>Peloton Capital Pty Ltd AFSL 406040.</td>
</tr>
<tr>
<td>Pro Forma Historical Consolidated Balance Sheet</td>
<td>Pro forma consolidated historical balance sheet as at 30 June 2018.</td>
</tr>
<tr>
<td>Pro Forma Historical Consolidated Cash Flows</td>
<td>Pro forma historical consolidated statements of cash flows for FY17 and FY18.</td>
</tr>
<tr>
<td>Pro Forma Historical Consolidated Income Statements</td>
<td>Pro forma historical consolidated income statements for FY17 and FY18.</td>
</tr>
<tr>
<td>Pro Forma Historical Financial Information</td>
<td>The Pro Forma Historical Consolidated Balance Sheet, Pro Forma Historical Consolidated Cash Flows and Pro Forma Historical Consolidated Income Statements.</td>
</tr>
<tr>
<td>Prospectus</td>
<td>This document (including the electronic form of the prospectus) and any supplementary or replacement prospectus in relation to this document.</td>
</tr>
<tr>
<td>Prospectus Date</td>
<td>The date on which a copy of this Prospectus was lodged with ASIC, being 24 December 2018.</td>
</tr>
<tr>
<td>Retail Investors</td>
<td>An investor who is not an Institutional Investor.</td>
</tr>
<tr>
<td>ROFR</td>
<td>Reliance on financial reports.</td>
</tr>
<tr>
<td>Securities Act</td>
<td>The Securities Act, as amended, of the United States of America 1933.</td>
</tr>
<tr>
<td>Settlement Date</td>
<td>The date specified in the Key Dates section.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Settlement Shares</td>
<td>The Shares to be issued to Viridian and Terry Sinclair under the Offer as described in Sections 9.7 and 9.9.</td>
</tr>
<tr>
<td>Settlement Share Offer</td>
<td>The issue of Settlement Shares.</td>
</tr>
<tr>
<td>Share</td>
<td>A fully paid ordinary share in the capital of the Company and includes, for the avoidance of doubt, the New Shares, Conversion Shares and Settlement Shares.</td>
</tr>
<tr>
<td>Shareholder</td>
<td>A holder of Shares.</td>
</tr>
<tr>
<td>Share Registry</td>
<td>Link Market Services Limited ABN 54 083 214 537.</td>
</tr>
<tr>
<td>SKU</td>
<td>Stock Keeping Unit.</td>
</tr>
<tr>
<td>SRN</td>
<td>Securityholder Reference Number.</td>
</tr>
<tr>
<td>Successful Applicant</td>
<td>A person who submits an Application to subscribe for New Shares offered under this Prospectus, which is successful.</td>
</tr>
<tr>
<td>Subsidiaries</td>
<td>Has the meaning given to in under the Corporations Act.</td>
</tr>
<tr>
<td>Sydney Time</td>
<td>The official time in Sydney, Australia.</td>
</tr>
<tr>
<td>TFN</td>
<td>Tax file number.</td>
</tr>
<tr>
<td>Timetable</td>
<td>The transaction timetable as agreed between the Company and the Lead Manager.</td>
</tr>
<tr>
<td>US Person</td>
<td>Means a ‘US Person’ as defined in rule 902(k) of Regulation S under the US Securities Act.</td>
</tr>
<tr>
<td>Vesting Conditions</td>
<td>Awards that are subject to performance, service or other conditions as determined by the Board.</td>
</tr>
<tr>
<td>Viridian</td>
<td>Viridian Pty Ltd as trustee for Viridian Unit Trust.</td>
</tr>
</tbody>
</table>
APPENDIX B:
Significant Accounting Policies
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**Basis of preparation**

The principle accounting policies adopted in the preparation of the Financial Information in Section 4 of this Prospectus are set out below. These accounting policies are consistent with the last Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB’s) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

(a) **Basis of measurement**

The Financial Information has been prepared on the historical cost basis, except for share-based payments, business combinations and certain financial instruments measured at fair value.

(b) **Functional and presentation currency**

The Financial Information is presented in Australian dollars, which is the functional currency of irexchange.

(c) **Use of estimates and judgements**

The preparation of the Financial Information requires management to make judgments, estimates and assumptions that affect the application of irexchange’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Management have not identified any significant judgements not outlined in the following notes.

**Basis of consolidation**

(a) **Business combinations**

irexchange applies the acquisition method for business combinations.

For every business combination, irexchange identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, irexchange takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer.

Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

irexchange measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the profit or loss.

Consideration transferred includes the fair value of the assets transferred, liabilities incurred by irexchange to the previous owners of the acquiree, and equity interests issued by irexchange. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that irexchange incurs in connection with a business combination, such as legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

(b) **Subsidiaries**

Subsidiaries are entities controlled by irexchange. The financial statements of subsidiaries are included in the Financial Information from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries are the same as irexchange and are recorded at cost in the Financial Information of irexchange.

(c) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Financial Information.
(d) **New company formation**

Business combinations arising from the transfer of interests in entities that are under the common control of the shareholders are accounted for at the date that common control was established. The assets and liabilities acquired are recognised at their carrying value, with the retained earnings being recognised in a new company formation reserve.

**Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

**Financial instruments**

(a) **Non-derivative financial assets**

irexchange initially recognised loans and receivables and deposits on that date that they originated. All other financial assets (including assets designated at fair value through profit and loss) are recognised initially on the trade date at which irexchange becomes a party to the contractual provisions of the instrument.

irexchange derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it 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 assets are transferred. Any interest in transferred financial assets that is created or retained by irexchange is recognised as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, irexchange has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

irexchange has the following non-derivative financial assets: cash and cash equivalents and loans and receivables.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

**Loans and receivables**

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

(b) **Non-derivative financial liabilities**

irexchange initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which irexchange becomes a party to the contractual provisions of the instrument. irexchange derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, irexchange has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

irexchange has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.
Appendix B: Significant Accounting Policies

(c) Share capital
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividends
Dividends are recognised as a liability in the period in which they are declared.

(d) Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Intangible assets and goodwill

(a) Goodwill
Goodwill that arises upon the acquisition of businesses is included in intangible assets.

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses.

(b) Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised 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 capitalised only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and irexchange intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit and loss as incurred.

The Directors have determined that the research and development costs incurred by irexchange do not meet the measurement and recognition criteria of AASB 138 Intangible Assets. Accordingly, they have been expensed immediately through profit and loss rather than capitalised as an intangible asset.

(c) Other intangible assets
Intangible assets include an amount paid representing future benefits in relation to software registration rights and usage rights. Other intangible assets that are acquired by irexchange, which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(d) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on internally generated goodwill and brands is recognised in profit or loss when incurred.

(e) Amortisation
Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. The estimated useful lives are as follows:

- Computer software 3 – 5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.
Leased assets

Leases in terms of which irexchange assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on irexchange’s statement of financial position.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Impairment

(a) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that the financial asset (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to irexchange on terms that irexchange would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

irexchange considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are assessed for specific impairment. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(b) Non-financial assets

The carrying amounts of irexchange’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash generating unit” or “CGU”). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination.

irexchange’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.
An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

(a) Defined contribution plans
Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(b) Short-term benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if exchange has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(c) Other long-term employee benefits
exchange’s net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value using the Australian Corporate Bond rates that have maturity dates approximating the terms of exchange’s obligations. Remeasurements are recognised in profit or loss in the period in which they arise.

(d) Termination benefits
Termination benefits are expensed at the earlier of when exchange can no longer withdraw the offer of those benefits and when exchange recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(e) Share-based payment arrangements
The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance condition at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up of differences between expected and actual outcomes.

(f) Provisions
A provision is recognised if, as a result of a past event, exchange has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(g) Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by exchange from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, exchange recognises any impairment loss on the assets associated with that contract.
Revenue
Goods sold
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale.

Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Finance income and finance costs
Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, reversal of impairment loss on financial assets, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Income tax
Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.
(a) Tax consolidation

Irexchange and its wholly-owned Australian resident entities are part of a tax-consolidated group with effect from 1 July 2016. As a consequence, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is irexchange Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘group allocation’ approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by irexchange as amounts payable to/(receivable from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by irexchange as an equity contribution or distribution.

The head entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(b) Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity’s obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the Financial Information in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Government grants

Government grants are recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate irexchange for expenses incurred are recognised in profit or loss or other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate irexchange for expenditure capitalised are recognised as a reduction in the carrying value of the asset and grants that compensate irexchange for expenditure recognised in profit or loss is recognised as government grant income.
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* This entity is included for information purposes only. They have not been involved in the preparation of this Prospectus.