Nice-vend Ltd is registered as a foreign company under the Corporations Act 2001 (Cth), Australian Registered Body Number 623 375 799. Nice-vend Ltd is a Company incorporated in Israel, Company Number 513930479.
IMPORTANT NOTICE

PUBLIC OFFER

The Public Offer contained in this Prospectus is an invitation to acquire up to 37,500,000 fully paid ordinary shares in the Company. The Prospectus is issued by the Company.

LODGING AND LISTING

This Prospectus is dated 14 August 2018 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. None of ASIC, the Australian Securities Exchange (ASX) or their respective officers takes any responsibility for the contents of this Prospectus or the terms of the investment to which this Prospectus relates.

The Company will apply to ASX for listing and quotation of the Shares on ASX within seven days of the date of this Prospectus.

This Prospectus expires on the date which is 13 months after the date of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

OFFER OF SHARES

The Offer contained in this Prospectus is an initial public offer of up to 37,500,000 fully paid and tradable ordinary shares in the Company. The Shares offered under this Prospectus will be issued to investors so that those investors may trade the Shares on ASX and settle the transactions through CHESS.

Refer to Sections 7.2 and 7.3 for further information regarding the Shares.

ALTERNATIVE REGULATION STATEMENT

As the Company is not established in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act 2001 (Cth) (Corporations Act) of the Commonwealth of Australia or by the Australian Securities and Investments Commission but instead are regulated by the Israeli Companies Law, 5729-1999 and the regulations promulgated thereafter.

NOTE FOR ISRAELI INVESTORS

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968 (Securities Law), and has not been filed with or approved by the Israeli Securities Authority. The State of Israel, this document is being distributed only to, and is directed only at, and any offer of securities is directed only at, (i) a limited number of persons in accordance with Section 15A of the Securities Law and (ii) investors listed in the first addendum, or the Addendum, to the Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and “qualified individuals”, each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors will be required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it. If any recipient in Israel of a copy of this Prospectus is not qualified as such, such recipient should promptly return this Prospectus to the Company.

Additionally, neither the Company nor any of its officers is a licensed investment manager under the Law for the Regulation of Provisions of Investment Advice, Marketing Investments and Portfolio Management 1995 (the “Israeli Investment Advisor Law”). Accordingly, the securities described herein will only be offered and sold in Israel to parties that qualify as “eligible customers” for the purposes of Section 3a(11) of the Israeli Investment Advisor Law.

CURRENCY CONVERSIONS

When an amount is expressed in this Prospectus in AUD and NIS, the conversion is based on the indicative exchange rate (being AUD 1.00 = NIS 2.68). This Prospectus also uses an indicative foreign exchange rate for USD of AUD 1.00 ÷ USD 0.74. The amount when expressed in AUD, USD or NIS may change as a result of fluctuations in the exchange rate between these currencies.

NOTE TO APPLICANTS

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. You should carefully consider this Prospectus in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

Some of the risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to those that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offers 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 or its Directors.

NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares acquired under the Prospectus. This means that, in most circumstances, you cannot withdraw your application to acquire Shares under this Prospectus once it has been accepted.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing applications in the seven day period after the date of lodgement of this Prospectus (Exposure Period). This period may be extended by ASIC up to a further seven days. The Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any application may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on applications received during the Exposure Period.

OBTAINING A COPY OF THIS PROSPECTUS

The Offers constituted by this Prospectus in electronic form at www.nicevend.com/investors are available only to persons within Australia or certain persons in jurisdictions authorised by the Company.

Subject to the foregoing, it is not available to persons in other jurisdictions (including the United States). Persons having received a copy of this Prospectus in its electronic form may, before the Offers close, obtain a paper copy of this Prospectus (free of charge) by telephoning the Share Registry on 1300 737 760 within Australia. If you are eligible to participate in the Offers and are calling from outside Australia, you should call +61 2 9290 9600.

Applications for Shares may only be made on an application form attached to or accompanying this Prospectus, or via the relevant electronic application form attached to the electronic version of this Prospectus (Application Form) available at www.nicevend.com/investors. The Corporations Act prohibits any person from passing the Application Form onto another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the 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 is not indicative of future performance.

FINANCIAL PERFORMANCE

Section 4 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of the financial information is set out in Section 4. All references to FY15, FY16 and FY17 appearing in this Prospectus are to the financial years ended or ending 31 December 2015, 31 December 2016 and 31 December 2017 respectively, unless otherwise indicated.

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by the International Financial Reporting Standards. Compliance with these standards ensures that the Historical Financial Information complies with the recognition and reporting principles of the Australian Accounting Standards.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

CONDITIONAL OFFERS

The Offers are conditional on:

a) ASX conditional approval to admit the Company’s Shares to Official Quotation; and

b) the Company receiving valid applications for at least $5 million worth of Shares under the Public Offer.

(together, the Conditions).
Forward looking statements and marketing and industry data
This Prospectus contains forward looking statements which are identified by words such as “believes”, “considers”, “could”, “estimates”, “expects”, “intends”, “may”, and other similar words that involve risks and uncertainties. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company.

Any forward looking statements are subject to various risk factors 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.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. The Company has no intention of updating or revising forward looking statements, or publishing 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.

Industry and market data used throughout this Prospectus is, in most cases, obtained from surveys and studies conducted by third parties and industry or general publications. The Company has used an independent industry report into the Textured Frozen Beverage dispenser and vending equipment industry, which forms the basis for Section 2 of this Prospectus. The Company considers that this information provides an independent insight into this market. The information contained in the independent industry report includes estimates and generalisations that the Company believes to be reliable, but the Company cannot guarantee the completeness of such information.

Applicants should carefully consider the risk factors that affect the Company specifically and the industry in which it proposes to operate. Applicants should understand that an investment in the Company is both speculative and the industry in which it proposes to operate is subject to a wide range of risks and that, accordingly, the results, performance or achievements of the Company, or any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Selling restrictions
This Prospectus does not constitute an offer or invitation 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 Shares or the Offers, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared to conform to the securities laws in Australia. This Prospectus may not be distributed to, or relied on by, any person in the United States. In particular, the Shares have not been registered under the US Securities Act of 1933 (US Securities Act) or the securities laws of any state of the United States and may not be offered or sold in the United States unless the Shares are registered under the US Securities Act, or are offered or sold in a transaction exempt from, or not subject to the registration requirements of the US Securities Act and applicable US state securities laws is available.

Privacy
By filling out the Application Form to apply for 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 their behalf, may collect, hold, use and disclose that personal information for the purpose of processing your Application, servicing your needs as a Shareholder, providing facilities and services that you need or request and carrying out appropriate administration. 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.
### KEY OFFER DETAILS

<table>
<thead>
<tr>
<th>Share Structure</th>
<th>IPO Offer Minimum ($5 million)</th>
<th>IPO Offer Maximum ($7.5 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer price per Share</td>
<td>$0.20</td>
<td>$0.20</td>
</tr>
<tr>
<td>Shares on issue before the Offers</td>
<td>72,314,987</td>
<td>72,314,987</td>
</tr>
<tr>
<td>Shares available under the Public Offer</td>
<td>25,000,000</td>
<td>37,500,000</td>
</tr>
<tr>
<td>Shares to be issued to Financial Advisor under Promoter Offer</td>
<td>2,702,703</td>
<td>2,702,703</td>
</tr>
<tr>
<td>Total number of Shares on issue at completion of the Offers</td>
<td>100,017,690</td>
<td>112,517,690</td>
</tr>
<tr>
<td>Indicative post Offers Market Capitalisation</td>
<td>$20,003,538</td>
<td>$22,503,538</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Options and Rights</th>
<th>IPO Offer Minimum ($5 million)</th>
<th>IPO Offer Maximum ($7.5 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options on issue before the Offers</td>
<td>5,639,055</td>
<td>5,639,055</td>
</tr>
<tr>
<td>Options to be issued to Lead Manager under Promoter Offer</td>
<td>1,250,000</td>
<td>1,875,000</td>
</tr>
<tr>
<td>Options to be issued to Financial Advisor under Promoter Offer</td>
<td>2,500,000</td>
<td>3,750,000</td>
</tr>
<tr>
<td>Total Options on issue following completion of the Offers</td>
<td>9,389,055</td>
<td>11,264,055</td>
</tr>
<tr>
<td>Right to acquire additional shares following completion of the Offers, up to</td>
<td>10,135,122</td>
<td>10,135,122</td>
</tr>
<tr>
<td>Unissued Share reserves to be issued as Options under Share Option Plan</td>
<td>5,706,250</td>
<td>5,706,250</td>
</tr>
</tbody>
</table>

1. The rights attaching to the Shares and Shares are summarised in Sections 7.12 and 7.13.
2. Refer to Section 7.1.3 for the terms of the Shares and Options to be issued to the Lead Manager and Financial Advisor under the Promoter Offer.
3. Options issued to Ehud (Udi) Klier and other staff under the 2009 Share Option Plan and to the Financial Advisor.
4. Refer to Section 9.3.3 for the terms of the Saifan Bosmat Right.
## IMPORTANT DATES

<table>
<thead>
<tr>
<th>Key Dates</th>
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<tbody>
<tr>
<td>Lodgement of Prospectus</td>
<td>14 August 2018</td>
</tr>
<tr>
<td>Opening Date of Offers</td>
<td>3 September 2018</td>
</tr>
<tr>
<td>Closing Date of Offers</td>
<td>10 September 2018</td>
</tr>
<tr>
<td>Expected Allotment Date of Shares</td>
<td>18 September 2018</td>
</tr>
<tr>
<td>Shares expected to trade on ASX</td>
<td>2 October 2018</td>
</tr>
</tbody>
</table>

Notes: This timetable is indicative only. Unless otherwise indicated, all times given are AEST. The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the above dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offers early, to extend the Closing Date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offers before Completion of the Offers, in each case without notifying any recipient of this Prospectus or Applicants). If an Offer is cancelled or withdrawn before Completion of the Offer, 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 an Offer opens.
LETTER TO INVESTORS

Dear Investor,

On behalf of the Board of Nice-Vend Ltd (Nice-Vend), it is my pleasure to present this Prospectus for our initial public offer on the ASX.

After years of development, we are excited to be raising capital mainly to enhance our sales and marketing capabilities of our quinzee Machines as well as to finalise the development of and commercialise our proprietary countertop machine.

Nice-Vend's primary business objective is the manufacture and supply of fully automated stand-alone vending machines (quinzee Machines), which use Nice-Vend’s proprietary technology to prepare and serve on-demand, assortments of flavored textured frozen beverages (Textured Frozen Beverages). Nice-Vend not only manufactures proprietary quinzee Machines, it also offers a variety of different flavours for use in our machines. These flavours are called FLAKES™. FLAKES™ are the essence used to make the quinzee servings, and Nice-Vend has the ability to provide an unprecedented variety of flavours, including protein beverages, specialty teas, real fruit content and low-calorie, sugar-free beverage varieties. Currently, the business derives its revenue from the sale and operation of quinzee machines globally, from the sale of FLAKES™, and from operating certain other vending machines.

The Company is in a particularly promising transitional period, having secured several pilot programmes with potential customers varying from medium-sized to large corporations, across multiple market segments. In particular, a few of these pilots involve ‘white-labeling’ our quinzee Machines to enable certain global brands to offer their product as Textured Frozen Beverages in new and innovative market segments.

We are also optimistic about the future prospects of our countertop design model, which uses elements of the current quinzee Machine. The countertop machine will extend the Company’s current offerings to a whole new market segment. Once launched, we believe that our countertop design will be the first model of its kind – automatically preparing and serving on-demand Textured Frozen Beverages to the hotel, restaurant and catering market (HoReCa) and food-service market. Entering into these markets significantly expands the size of the current addressable markets of the quinzee Machine.

The purpose of the Public Offer is to raise up to $7.5 million (before associated costs) by the issue of up to 37,500,000 Shares in the capital of the Company, at an issue price of $0.20 per Share. The capital raised from the IPO will be predominantly deployed to continue our growth in the United States, Asia Pacific and Israeli markets.

This Prospectus includes detailed information about the Offers, including the material risks associated with an investment in the Company.

On behalf of the board of Directors, I present the Offers to you and recommend that you read this Prospectus in full. I look forward to welcoming you as a shareholder of the Company.

Yours sincerely,

Ehud (Udi) Klier
Executive Director and CEO
INVESTMENT OVERVIEW
1 INVESTMENT OVERVIEW

1.1 OVERVIEW OF NICE-VEND AND KEY FEATURES OF ITS BUSINESS MODEL

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who is Nice-Vend?</td>
<td>Nice-Vend Ltd (Nice-Vend or the Company) is a limited liability food-tech Israeli company, Company Number 51930479.</td>
<td>Section 3</td>
</tr>
<tr>
<td></td>
<td>Nice-Vend is registered as a foreign company under the Corporations Act, Australian Registered Body Number 623 375 799.</td>
<td></td>
</tr>
<tr>
<td>What is the Company's history?</td>
<td>The Company was incorporated on 24 January 2007.</td>
<td>Section 3.4</td>
</tr>
<tr>
<td></td>
<td>The Company wholly owns two subsidiaries, being:</td>
<td></td>
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<td></td>
<td>- Elviento (Israel) Ltd (Elviento), incorporated in Israel in 2009, which operates vending machines (including quinzee Machines) in Israel; and</td>
<td></td>
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<td></td>
<td>- Nice-Vend Inc (Nice-Vend US), which was incorporated in Delaware, United States in 2015 and is currently dormant.</td>
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<tr>
<td></td>
<td>Following the Company’s listing and quotation of the Shares on ASX, Nice-Vend Group’s United States business operations will be transferred to Nice-Vend US.</td>
<td></td>
</tr>
<tr>
<td>What does the Company do?</td>
<td>The Company has developed an innovative and unique technology for the automatic, on-demand preparation of frozen drinks and utilised this technology to develop the ‘quinzee Machine’. The Company considers that the quinzee Machine is novel and unique, in that it is a stand-alone, fully automated, on-demand preparation vending machine for Textured Frozen Beverages. The quinzee Machine is the size of a typical vending machine weighing approximately 300kg. The quinzee Machine is a self-contained system, requiring connection to electricity and potable water in order to operate and has the option of enabling the communication of logged products, technical status and transaction data. In comparison to its competitors, the quinzee Machine provides a fully automated drink dispensing option and offers a wider variety of flavours in one machine, as well a larger quantity of servings per machine (as the machine replenishes its own ice and has a store of flavoured syrup, concentrates and/or powders). The machine enables the use of innovative mixes (such as no added sugar blends, sugar-free, protein enriched shakes, green tea, caffeinated, fruit mixtures and the like), which are difficult to prepare when using the traditional granita/slushie (auger) machine, therefore, potentially making Textured Frozen Beverages appealing to a wider customer base than the existing consumers of frozen drinks. The Company is in the process of utilising its technology and intellectual property to develop other solutions for a variety of markets. The Company is targeting the HoReCa, market and it is also currently developing a countertop version of the quinzee Machine in order to service this market. Nice-Vend has also developed a variety of different flavours under the FLAKES™ brand. FLAKES™ is a range of flavoured syrups, concentrates and powders for the preparation of frozen drinks, which work within the quinzee Machines. The unique homogenised frozen texture of FLAKES™ products can include real fruit content and allow for the flavouring to have alternative features including; low-calorie, no added sugar, sugar-free and/or protein rich content. FLAKES™ options also include real tea extracts and caffeine enriched energy drink and drinkable ice cream shakes. This, along with a consistent mixing technology ensures that each serving has a high, pre-set quality for every Textured Frozen Beverage served from a quinzee Machine. Currently, Nice-Vend manufactures and distributes quinzee Machines and FLAKES™ products to its customers and distributors globally, with a particular focus on Israel, Australia and the United States. Nice-Vend also supplies its customers with ancillary items required to operate the quinzee Machines such as straws, cups, cleaning detergents and water filters.</td>
<td>Section 3.5</td>
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## 1 INVESTMENT OVERVIEW

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What is the Company’s point of difference?</strong></td>
<td>The quinzee Machine is unique because it has the fully automated ability to prepare ice blended drinks. It blends syrups, concentrates and/or powders (FLAKES™) with water and crushed ice to produce Textured Frozen Beverages when a customer orders a beverage. The entire vending machine is fully automated and includes proprietary ice management, automatic cup and straw dispensing and an automatic cleaning cycle. These innovations allow for an operator-free dispenser to be placed in locations without the need for constant attention and operation (that typical auger machines require). Prior to the quinzee Machine, no automatic vending machine offered the ability to dispense frozen textured beverages made on-demand. The technology behind the quinzee Machine is the only solution known to the Company that enables an automatic stand-alone vending machine to prepare made-to-order frozen drinks. Traditional auger machines make granitas or slushies by freezing pre-mixed drinks and only offer a limited range of flavours (all of which contains a minimum amount of sugar to assist with the freezing process). The quinzee Machine uses proprietary technology to prepare Textured Frozen Beverages by effectively mixing water, flavoured syrups, concentrates and/or powders (FLAKES™) with a flavourless ice flake mix which allows consumers to enjoy a large selection of flavours and textures that can be instantly prepared. The Company also owns a patent on the dispensing of a single straw into the beverage cup and this technology is utilised by all the quinzee Machines. All of the FLAKES™ ingredients are FDA approved and have the highest level of kosher certifications.</td>
<td>Section 3.5</td>
</tr>
<tr>
<td><strong>In what market does the Company operate?</strong></td>
<td>The Company is a food-tech company currently operating three businesses being the Dispensary Business, Foodstuff Business and Service Business (all of which are described in further detail in Section 2). The Company operates and/or targets a number of different markets including; the textured frozen dispensed beverage equipment market, the textured frozen beverage market and the food and beverage vending market. Further detail on these markets are provided in Section 2. The Company’s business operations are currently focused in Israel, Australia and the United States. However, quinzee Machines have also been sold to distributors or customers in Greece, Italy, South Africa, Germany, Spain, Puerto Rico and Trinidad.</td>
<td>Sections 2 and 3</td>
</tr>
<tr>
<td><strong>Development of Countertop Machine</strong></td>
<td>The Company is currently developing a countertop version of the quinzee Machine for preparing frozen drinks for the HoReCa and fast food markets. The rationale for a countertop version is that it will service a very large market which does not currently have a comparable solution. The countertop machine’s design is aimed at significantly reducing the size of the machinery, preparation time and resource per serving of Textured Frozen Beverages, as well as increasing control over food costs and consistency, and greatly increasing the variety of beverages that can be offered when compared to the current solutions used in the HoReCa and fast food markets (i.e. auger machines and manual blenders).</td>
<td>Section 3.5.2</td>
</tr>
</tbody>
</table>
The countertop machine utilises intellectual property from the quinzee Machine, and as such will be fully automated, reducing the need for an operator. This, along with the lower running costs, should result in reduced operational costs of the beverage vendor when producing a Textured Frozen Beverage. The countertop machine will also offer a large variety of flavours and is intended to include an innovative (patent-pending) conveyor belt system to allow for multiple orders of Textured Frozen Beverages (including different flavours and volumes) to be ordered and served in a rapid manner.

The Company intends to further the development and commercialisation of the countertop machine following completion of the Offers. It is anticipated that the countertop machine will be ready for commercial distribution and sale within two years following the Offer. The countertop machine is currently a working prototype and due to the complexity of the product will require further development by the Company before a final model can be manufactured and brought to market.

The Company has started a pilot program with Wissotzky (Wissotzky is an international family-owned tea company based in Israel with offices in London and United States, and is the leading tea distributor in Israel) in order to introduce FLAKES™ developed for Wissotzky to the HoReCa market notwithstanding the fact that the countertop machine is still in its development phase.

A Textured Frozen Beverage is a flavoured beverage product made by mixing crushed ice, water and flavouring together, which is then blended until the final mixture has a smooth frozen texture. Examples of traditional Textured Frozen Beverages include granitas, slushies, smoothies, milkshakes and frappuccinos.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of Countertop Machine continued</td>
<td>The countertop machine utilises intellectual property from the quinzee Machine, and as such will be fully automated, reducing the need for an operator. This, along with the lower running costs, should result in reduced operational costs of the beverage vendor when producing a Textured Frozen Beverage. The countertop machine will also offer a large variety of flavours and is intended to include an innovative (patent-pending) conveyor belt system to allow for multiple orders of Textured Frozen Beverages (including different flavours and volumes) to be ordered and served in a rapid manner. The Company intends to further the development and commercialisation of the countertop machine following completion of the Offers. It is anticipated that the countertop machine will be ready for commercial distribution and sale within two years following the Offer. The countertop machine is currently a working prototype and due to the complexity of the product will require further development by the Company before a final model can be manufactured and brought to market. The Company has started a pilot program with Wissotzky (Wissotzky is an international family-owned tea company based in Israel with offices in London and United States, and is the leading tea distributor in Israel) in order to introduce FLAKES™ developed for Wissotzky to the HoReCa market notwithstanding the fact that the countertop machine is still in its development phase.</td>
<td>Section 3.5.2</td>
</tr>
<tr>
<td>What are Textured Frozen Beverages?</td>
<td>A Textured Frozen Beverage is a flavoured beverage product made by mixing crushed ice, water and flavouring together, which is then blended until the final mixture has a smooth frozen texture. Examples of traditional Textured Frozen Beverages include granitas, slushies, smoothies, milkshakes and frappuccinos.</td>
<td>Section 2</td>
</tr>
</tbody>
</table>
## What are FLAKES™?

FLAKES™ is the brand of flavours developed by Nice-Vend especially for the preparation of Textured Frozen Beverage. The technology of Nice-Vend enables any ingredient to be used in a textured Frozen Beverages.

Nice-Vend has developed a variety of different flavours under the FLAKES™ brand. FLAKES™ is a range of flavoured syrups and instant powders for the preparation of frozen drinks, which work within the quinzee Machines. FLAKES™ products can include real fruit content of up to 95% and allow for the flavouring to have alternative features including; low-calorie, no added sugar, sugar-free, protein rich content and real tea and caffeinated drinks. This, along with a consistent mixing formula ensures that each serving has the same quality for every Textured Frozen Beverage served from a quinzee Machine. The FLAKES™ line of products aims to differentiate itself from comparable products in the market in its food engineering, packages and ingredient content. The potential flavour varieties are numerous, and currently include; dairy based flavours (such as cappuccino, chocolate, vanilla, cookies and cream, banana), fruit based flavours (such as wild berry, strawberry, grapes, green apples, raspberry, passion fruit), rich fruit flavours (such as strawberry, strawberry and banana, melon, pineapple, tropical fruits), real tea flavours (such as green lemongrass and verbena, matcha, red berry), protein flavours and the ‘no added sugar’ flavours.

All of the FLAKES™ line of products have the highest level of Kosher Certifications.

## How does the Company generate Revenue?

The Nice-Vend Group operates three distinct but interrelated businesses, being the Dispensary Business, the Foodstuff Business and the Service Business.

A) Dispensary Business and the Foodstuff Business

The Dispensary Business and the Foodstuff Business generally operate together given they are complimentary. Depending on the needs of the particular customer, Nice-Vend will implement one of the following models:

i) Direct sales
ii) Revenue-sharing
iii) White labelled sales

B) Service Business

The Service Business is undertaken by Elviento comprising of the Company operating vending machines (including quinzee Machines) and other frozen beverage machines.

The Company’s most recent revenue profile sees an emphasis placed on the revenues derived from the Service Business, but the objective of the Company is to increase its manufacturing and sales revenue.

## What arrangements does the Company currently have in place for the Dispensary and Foodstuff Business?

The Company has engaged Sir Vend-A-Lot to distribute its quinzee Machines in Australia and New Zealand. The Company also has arrangements with Weider (a global nutrition brand) in the United States and Wissotzky (a leading Israeli Tea company) in Israel.
### What contracts does the Company currently have in place for the Services Business?

Elviento owns and operates vending machines, including quinzee Machines and auger machines. Elviento currently owns and operates 33 quinzee Machines, will soon operate up to 200 auger machines in Israel and another 80 vending machines with two major organisations affiliated with the Israeli Defence Forces, being Mabat Lanegev Operator Ltd (the exclusive concessionaire for the Israel Defence Ministry) for a military base in Israel's south, and the Association for the Wellbeing of Israeli Soldiers. Elviento also solely operates vending machines in national parks across Israel.

### What are the Company’s current plans for growth and expansion?

The Company intends to utilise the capital raised from the Public Offer to complete its current development plans and increase marketing efforts to acquire new customers. Further:

**A) Countertop machine**

The Company is currently developing a countertop version of the quinzee Machine for preparing frozen drinks for the HoReCa and fast food service markets thereby servicing a larger market which does not currently have a comparable solution.

**B) Alternative Business Models**

The Company is exploring different business models to trial with its clients. For example, the Company is trialling a revenue-sharing model with certain clients so that such clients will not have to bear the up-front costs of purchasing the quinzee Machine.

**C) USDA approval for schools**

The Company has developed certain FLAKES™ products which are compliant with USDA laws and guidelines so that Textured Frozen Beverages made using these ingredients are legally allowed to be supplied in schools across the United States. The company has obtained approval from several schools in Florida to begin rolling out machines during summer of 2018.

To the best of the Company’s knowledge, no other Textured Frozen Beverage automatic vending machine producer is able to provide sugar-less Textured Frozen Beverages for schools in the United States pursuant to the USDA laws and guidelines.

This is a significant milestone for the Company, as the new USDA laws prohibit the sale of sugar-based foods and beverages from vending machines under the ‘Smart Snacks in Schools’ campaign.
## What are the significant dependencies of the Company’s business model?

In order to increase market awareness of the quinzee Machine, Nice-Vend intends to educate the market with respect to the benefits and capabilities of the quinzee Machine. The Company’s strategy is to implement (either directly or via its distributors), a multi-faceted marketing campaign in Israel, Australia and the United States targeting:

- a) vending machine operators;
- b) site and venue operators (for example, amusement parks, gyms, retail stores, schools etc.);
- c) the food and beverage market (focusing on QSRs); and
- d) established brands of consumer products (for example, drink manufacturers).

The Company participates in trade shows, with a focus on the US market, which the Company believes is its largest market, including having participated in the National Automatic Merchandising Association trade show in Las Vegas during March 2018, the National Restaurant Association trade show held in Chicago, Illinois (May 2018) and plans to participate in the International Association of Amusement Parks and Attractions trade show in Orlando, Florida (November 2018).

In addition, Nice-Vend is also dependent on the following to ensure future success:

- a) closing the Offers contemplated under this Prospectus;
- b) market demand for frozen beverages remaining stable;
- c) ability to develop and maintain relationships with distributors of the quinzee Machines;
- d) ability to ensure quality and reliability of the quinzee Machines and the beverages produced by the quinzee Machines;
- e) successful commercialisation and sale of a countertop machine; and
- f) foreign exchange fluctuations.

## What material patents does the Company hold?

The Company holds patents in United States, Europe, Australia, Canada, China, Israel, Japan, Mexico, Russian Federation, and Hong Kong for ‘apparatus for dispensing made-to-order frozen beverages’.

### 1.2 KEY STRENGTHS

#### Unique method of production

The quinzee Machine differs from traditional slushie or granita machines in that it prepares drinks using its own ice and by adding flavour and blending the ingredients, instead of pre-preparing and freezing liquids into ice beverages. This method of preparation offers a wide variety of flavours and frozen beverage types made automatically and from a single machine to consumers, which many traditional methods of production are unable to prepare.

The quinzee Machine is also a stand-alone automatic vending machine, which means it can work without an on-site operator or constant supervision and therefore may be placed in remote locations.
## Topic Summary Further information

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proprietary technology</td>
<td>The Company offers a unique, proprietary solution which enables the automatic, on-demand preparation of Textured Frozen Beverages. The Company believes that the quinzee Machine is a unique vending machine utilising a novel technology.</td>
<td>Section 3.5</td>
</tr>
<tr>
<td><strong>FLAKES™</strong></td>
<td>The variety of beverages that can be generated using <strong>FLAKES™</strong> is significantly greater in quality and provides customers with notably greater choice compared to other vendors or those which auger machines can provide.</td>
<td>Section 3.5.3</td>
</tr>
</tbody>
</table>
| Large, addressable market for vending machine equipment and beverage dispensing equipment | The Company is active in the vending machine equipment market, and the textured frozen beverage dispensing equipment markets.  

The food and beverage vending industry generated US$108.2 billion in product sales revenue globally in 2016, with the sale of frozen food and beverage vending machine equipment comprising US$1.2 billion of Textured Frozen Beverage dispensing equipment. The market for Textured Frozen Beverage dispensing equipment in the United States, the largest target region in the world, was valued at US$386 million in 2016.  

According to Frost & Sullivan, in 2016 over 3.0 billion cups of Textured Frozen Beverages were sold across all sales channels in the United States, corresponding to over US$5.7 billion in product sales. These Textured Frozen Beverages include everything from simple syrup-based slushies to healthier options like frozen protein shakes and smoothies.  

The Company is not aware of any other technology which allows a fully automatic, on-demand preparation method for Textured Frozen Beverages, and therefore considers that there is potentially a large existing market and a potential new market for the quinzee Machine and the Textured Frozen Beverages produced by the quinzee Machines. | Section 2 |
| White-label opportunities                  | The Company has so far collaborated with three major market leaders to develop white-labelled quinzee Machines.  

By white labelling the quinzee Machine, a solution is provided for customers with known brands and flavours to use the Company's technology. This way, the Company has the opportunity to monetise the quinzee Machine technology through licencing and/or partnerships, while collaborators are offered an opportunity to extend their brand and product offerings into frozen blended beverages. | Section 3.8.7 |
| Intellectual Property                      | Patents have been issued in the Company’s key markets, affording certain competitive protections. The Company has been granted patents in Australia, Israel, China, the United States and Europe, amongst other territories. The Company has also applied for a provisional patent in the United States with respect to the conveyor belt used within the countertop model. For a complete table outlining all patents that have been registered and patents applications, please see Section 3.9.1. | Section 3.9.1 |
## 1 INVESTMENT OVERVIEW

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<tr>
<th>Topic</th>
<th>Summary</th>
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<tbody>
<tr>
<td><strong>Strong Board &amp; Management</strong></td>
<td>Nice-Vend has a strong board including a number of non-executive and independent directors, as well as a strong management team, who are experienced in the food and beverage, marketing, business development, engineering and service industries. Each Board member brings a unique skillset from their background and experience with listed and unlisted global companies and the senior management team has a close familiarity with Israeli, United States and Australian food and beverage regulations as well as operational experience within the food and beverage industry.</td>
<td>Section 6.1</td>
</tr>
<tr>
<td><strong>1.3 KEY RISKS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reliance on key personnel</strong></td>
<td>The Company’s operational success will substantially depend on the continued employment of senior executives, technical staff and other key personnel by the Company. The loss of key personnel may have an adverse effect on the Company’s operations and financial performance.</td>
<td>Section 5.2.1</td>
</tr>
<tr>
<td><strong>Manufacturing risk</strong></td>
<td>The Company currently manufactures the quinzee Machines itself and has ongoing purchase agreements with suppliers of the quinzee Machine’s parts. The Company currently plans to outsource manufacturing to a third party manufacturer when machine sales grow to more than 250 units per year. The Company purchases parts for the quinzee Machines from third party suppliers, and also purchases ancillary products, such as syrups and powders (FLAKESTM), straws and cups from other third party manufacturers for use in the quinzee Machines.</td>
<td>Section 5.2.2</td>
</tr>
<tr>
<td><strong>Uncertainty of future earnings</strong></td>
<td>The Company’s business operations are still relatively early-stage and its future prospects are uncertain. There are no guarantees that any current trials in which the Company is participating will be successful, or that these counterparties will proceed with collaborations following the expiry of the trial period. There is also an inherent risk that the commercial development of the countertop machine will not progress as planned or may encounter delays. Finally, although Elviento is currently generating revenue through the placement of vending machines and quinzee Machines at high foot traffic locations, there is no guarantee that its contracts to operate in these locations will be renewed on favourable terms (or at all) on expiry.</td>
<td>Section 5.2.3</td>
</tr>
<tr>
<td><strong>Changing consumer preferences</strong></td>
<td>The Company may not be able to anticipate and react to trends within the consumer beverage market in a timely manner or accurately assess the impact that such trends may have on consumer preferences. Failure to respond to changes in consumer preferences or anticipate market trends may adversely affect the Company’s future revenues and performance.</td>
<td>Section 5.2.4</td>
</tr>
<tr>
<td><strong>Health risks</strong></td>
<td>While the Company takes necessary precautions to ensure suitability of its products for human consumption, there is a risk that the frozen beverages created by the quinzee Machines may become contaminated or that the ingredients for such beverages may be spoiled, contaminated or include foreign materials or substances. As with any food product, the risk of contamination may lead to human illness, product recalls or other interventions, which may cause serious damage to the Company’s reputation, product liability claims and loss of revenue.</td>
<td>Section 5.2.5</td>
</tr>
</tbody>
</table>
### Topic Summary Further information

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<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition risk</td>
<td>There are many competitors in terms of auger machine manufacturers within the frozen beverage industry. Auger machines are machines that do not make drinks on-demand or have a limited variety and limited quantity per flavour. Manufacturers of such frozen beverage dispensers include; Tekno Clik (a Turkish manufacturer of beverage equipment), SPM Drink Systems (an Italian beverage dispenser equipment manufacturer) and Taylor Company (a US-based frozen beverage equipment company). Currently, the machines of these manufacturers are used by large customers including well known petrol stations and QSR. The current auger machines are limited in variety, serving ability, quality of the beverage, expensive to operate (e.g. the auger machine has to continually operate in order to serve the Textured Frozen Beverage, and sometimes an operator needs to serve the beverage to the customer). These competitors may be working on developing new technologies that are superior to the Company’s existing technology. The development of a new and superior product by a competitor could affect the Company’s ability to successfully exploit its product. The Company may be unable to develop further products or keep pace with developments in its market space and may lose market share to competitors. There is no guarantee that consumers will take up the Company’s products and the Company may be unable to compete successfully with more established food and beverage companies on price or quality, or may be unsuited to the established preferences of potential consumers.</td>
<td>Section 5.2.6</td>
</tr>
<tr>
<td>Intellectual Property Rights</td>
<td>The Company holds the patents described in Section 3.9.1 (Patents), which constitute primary assets of the Company. The ability of the Company to licence the quinzee Machine technology or to attract commercial partners or distributors is largely dependent on the Company protecting its rights to exploit the inventions and methods described in the Patents. Also, whilst the Company is not aware of the quinzee Machine technology infringing any third party’s patent, it has not undertaken an exhaustive assessment of existing patents to determine any overlapping technology or potential infringement, as the costs of such would be prohibitive. Accordingly, there is a risk that a third party may claim that the quinzee Machine technology (including as set out in the Patents) infringes that third party’s patent. Any event that would jeopardise the Company’s proprietary rights or any claims of infringement by third parties could have an adverse effect on the Company’s ability to market or exploit the quinzee Machine technology. There is no guarantee that the Patents will provide adequate protection for the Company’s intellectual property, or that third parties will not infringe or misappropriate the Patents or similar proprietary rights. In addition, there can be no assurance that the Company will not have to pursue litigation against other parties to assert its rights.</td>
<td>Section 5.2.7</td>
</tr>
<tr>
<td>Failure to comply with laws, regulations and standards</td>
<td>Any changes to the existing regulatory framework or the imposition of new legislation or regulations applicable to the industry in which the Company operates may adversely affect the financial and operating performance of the Company.</td>
<td>Section 5.2.8</td>
</tr>
</tbody>
</table>
As the Company is incorporated in Israel, certain provisions of the Corporations Act will not apply to the Company. In particular, the provisions of the Corporations Act applying to related party transactions, substantial holdings, takeovers, financial assistance and voting on remuneration reports will not apply to offers for the Shares. There is therefore a risk that Israeli law may not offer Shareholders a similar level of protection than the Corporations Act.

The Israeli laws relating to directors' fiduciary responsibilities and the protection of minority shareholder interests differ from Australian laws. For a detailed description please see Section 7.16. Provisions of Israeli law and the Articles of Association of the Company may delay, prevent or otherwise impede a merger with, or an acquisition of, the Company, even when the terms of such a transaction are favourable to the Company and Shareholders.

Any claim against the Company for a breach of its Articles of Association would also have to be brought in Israel. As such a claim would be contractual, it may not have the same enforceability as a claim under the Corporations Act. It may be difficult to enforce a judgment of an Australian court against the Company, its officers and Directors in Israel or Australia, to assert Australian securities laws claims in Israel or to serve process on Company's officers and Directors.

The headquarters of the Company, research and development and other significant operations are located in Hod Hasharon, Israel and, therefore, the Company's results may be adversely affected by any political, economic and military instability in Israel.

### 1.4 FINANCIALS AND DIVIDEND POLICY

**Dividend Policy**

The Directors intend to use the Company's current cash reserves and any surplus cash flow to fund the Company's operations and activities, rather than distributing these funds as dividends. This policy will be reviewed when the Company starts generating cash but there is no present intention to implement a dividend policy or at any time in the foreseeable future.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Israeli incorporation</td>
<td>As the Company is incorporated in Israel, certain provisions of the Corporations Act will not apply to the Company. In particular, the provisions of the Corporations Act applying to related party transactions, substantial holdings, takeovers, financial assistance and voting on remuneration reports will not apply to offers for the Shares. There is therefore a risk that Israeli law may not offer Shareholders a similar level of protection than the Corporations Act. The Israeli laws relating to directors' fiduciary responsibilities and the protection of minority shareholder interests differ from Australian laws. For a detailed description please see Section 7.16. Provisions of Israeli law and the Articles of Association of the Company may delay, prevent or otherwise impede a merger with, or an acquisition of, the Company, even when the terms of such a transaction are favourable to the Company and Shareholders. Any claim against the Company for a breach of its Articles of Association would also have to be brought in Israel. As such a claim would be contractual, it may not have the same enforceability as a claim under the Corporations Act. It may be difficult to enforce a judgment of an Australian court against the Company, its officers and Directors in Israel or Australia, to assert Australian securities laws claims in Israel or to serve process on Company's officers and Directors. The headquarters of the Company, research and development and other significant operations are located in Hod Hasharon, Israel and, therefore, the Company's results may be adversely affected by any political, economic and military instability in Israel.</td>
<td>Section 5.2.9</td>
</tr>
</tbody>
</table>

Section 5.3.4
### 1 INVESTMENT OVERVIEW

<table>
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<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What is the Company's financial performance?</strong></td>
<td><strong>Historical statement of comprehensive loss</strong>&lt;br&gt;The table below sets out the summarised historical statement of comprehensive loss for years ended 31 December 2015, 31 December 2016 and 31 December 2017. Further discussion regarding the summarised historical statement of comprehensive loss are set out in Section 4.</td>
<td>Section 4</td>
</tr>
<tr>
<td></td>
<td>US $'000s</td>
<td>Audited year ended 31 Dec 2015</td>
</tr>
<tr>
<td>Revenue</td>
<td>747</td>
<td>1,205</td>
</tr>
<tr>
<td>Gross margin</td>
<td>(621)</td>
<td>(564)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(1,697)</td>
<td>(1,506)</td>
</tr>
<tr>
<td>EBIT</td>
<td>(1,746)</td>
<td>(1,611)</td>
</tr>
<tr>
<td>Net loss before tax</td>
<td>(1,786)</td>
<td>(1,733)</td>
</tr>
</tbody>
</table>

| **What is the Company's financial position?** | **Pro forma statement of financial position**<br>The table below sets out the summarised audited and pro forma statement of financial position. Details of the pro forma statement of financial position, including the pro forma adjustments are set out in Section 4. | Section 4 |
| | As at 31 Dec 2017 | Audited US$'000 | Min US$'000 | Min US$'000 | Max US$'000 | Max US$'000 |
| Current assets | 1,400 | 4,799 | 6,486 | 6,537 | 8,834 |
| Non current assets | 514 | 714 | 965 | 714 | 965 |
| **Total assets** | **1,914** | **5,513** | **7,451** | **7,251** | **9,799** |
| Current liabilities | 957 | 978 | 1,321 | 978 | 1,321 |
| Non current liabilities | 239 | 307 | 414 | 307 | 414 |
| **Total liabilities** | **1,196** | **1,285** | **1,735** | **1,285** | **1,735** |
| **Net assets** | **718** | **4,228** | **5,716** | **5,966** | **8,064** |
| Stockholders' equity | 718 | 4,228 | 5,716 | 5,966 | 8,064 |
The Public Offer is expected to raise up to $7.5 million. The below is the proposed use of funds for the first period including full financial year following the IPO (i.e. the period ending 31 December 2019), at the Minimum Subscription Amount and the Maximum Subscription Amount.

<table>
<thead>
<tr>
<th>Use of Fund for period ending 31 December 2019</th>
<th>Investment of $5.0m</th>
<th>Investment of $7.5m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected cash at IPO date</td>
<td>188</td>
<td>188</td>
</tr>
<tr>
<td>Proceeds from the Offer</td>
<td>5,000</td>
<td>7,500</td>
</tr>
<tr>
<td><strong>Total Sources of cash</strong></td>
<td>5,188</td>
<td>7,688</td>
</tr>
<tr>
<td><strong>Uses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash costs of the Offer</td>
<td>912</td>
<td>1,064</td>
</tr>
<tr>
<td>Sales &amp; marketing</td>
<td>678</td>
<td>1,132</td>
</tr>
<tr>
<td>Ongoing R&amp;D</td>
<td>283</td>
<td>482</td>
</tr>
<tr>
<td>Countertop R&amp;D</td>
<td>542</td>
<td>689</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>907</td>
<td>907</td>
</tr>
<tr>
<td>Capex</td>
<td>54</td>
<td>389</td>
</tr>
<tr>
<td><strong>Total uses of cash</strong></td>
<td>3,376</td>
<td>4,663</td>
</tr>
<tr>
<td>Working Capital not intended to be used in the relevant period</td>
<td>1,812</td>
<td>3,025</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,188</td>
<td>7,688</td>
</tr>
</tbody>
</table>

No funds will be raised under the Promoter Offer.

Through the networks of its senior management team, Nice-Vend aims to target a number of US distributors and operators in a variety of market sectors including but not limited to fast-food/quick-service-restaurants, restaurants, department stores, theatres, sports venues, amusement parks and tradeshows.

In order to gain traction in the US market, Nice-Vend will further develop and establish the US sales and marketing team.
## 1.5 DIRECTORS AND KEY MANAGEMENT

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<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who are the Directors of the Company?</strong></td>
<td>The following individuals will be the Directors of the Company at the time of listing and quotation of the Shares on ASX:</td>
<td>Section 6.1</td>
</tr>
</tbody>
</table>

**Ehud (Udi) Klier (Executive Director, CEO)**  
Udi is the CEO of the Company and was appointed to the Company’s Board on 24 January 2007.  
Udi was previously the founder and CEO of Normat Coffee Solutions, a company that provided innovative office coffee services in Israel. Normat became a leading supplier of vending machines as well as office coffee services and was Israel’s representative of illy café (for offices and home market segments), Mokador café, Saeco (Europe’s largest coffee machine manufacturer) and other world renowned players in the coffee and vending machine market. Normat was successfully sold to a multinational beverage company in 2006.

**Rod Walker (Independent Non-Executive Director, Chairman)**  
Rod is an experienced Chief Executive Officer, Director and Chairman of proven capability, having led several companies through initial public offerings, major acquisitions, mergers and to record results, whilst also working with the Chief Executive Officers on their personal development. He currently serves on the board as Chairman of Mobecom Ltd, Lakeba Group, Carpet Court Australia, and the Angus Knight Group.

**Sophie Karzis (Independent Non-Executive Director)**  
Sophie is a practising lawyer with over 17 years’ experience as a corporate and commercial lawyer and general counsel for a number of public companies. She is currently serving as a non-executive director on the board of Crowd Mobile Limited (ASX:CM8) and provides company secretarial services to numerous ASX listed entities.

**Shimon Shoval (Independent Non-Executive Director)**  
Shimon is a consultant and project director to the Facility and Retail services, focusing on ‘Build-Operate-Transfer’ models and ‘public-private partnership’ models. Up until 2016, he was the Chairman of the Board of ‘REGBA’ - the leading kitchen design and manufacture in Israel. Shimon was previous the country manager and chairman of the subsidiaries of ISS Group, which is (amongst other things) the largest catering, cleaning, and security group in Israel with turnover of NIS 1.2 billion (approximately US$340 million). Shimon has also been the general manager of Norcat, the largest catering company in Israel.

**Daniel Rozental (Non-Executive Director)**  
Daniel is currently a municipal support provider to local communities in Israel (Municipalities of Gezer, Gan Rave and Beer Tuvia), requiring him to chair agricultural, municipality and community committees, develop and implement short and long term budgets, and deal with a large variety of stakeholders, such as suppliers, tenderers, government agencies and community groups.

Daniel previously founded and managed a catering business (Dekel & Rozental Ltd) and managed a regional branch of a Tafkid Plus Ltd, a large Israeli labour hire company. Daniel has also served in the Israeli Defence Forces as a lieutenant colonel, serving as a human resources manager to approximately 2,500 soldiers.
# INVESTMENT OVERVIEW

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<tr>
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<th>Summary</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Who are the Directors of the Company?</strong> continued</td>
<td><strong>Amihai Beer (Non-Executive Director)</strong>&lt;br&gt;Amihai served as a director of Caesarstone Ltd (a company that specialises in premium quartz surface designs) (NASDAQ:CTSE) from December 2014 to December 2016.&lt;br&gt;Since 2009 Amihai has been acting as legal advisor to Kibbutz an agricultural cooperative under the name Sdot Yam Business Holdings and Management Agricultural Cooperative Ltd. (herein after Sdot Yam)) which is a shareholder in the Company and the Kibbutz's Economic Counsel. Amihai has been an associate at a leading Israeli law firm, Amar Reiter Jeanne Shochatovitch, since 2009.&lt;br&gt;<strong>Nachshon Akiva (Non-Executive Director)</strong>&lt;br&gt;Nachshon was appointed to the Company’s Board on 10 December 2017. Nachshon has been appointed to represent Y.T.Y. Lenny Investaments Ltd (YTY).&lt;br&gt;Nachshon is currently the Chief Financial Officer and Business Development Manager of Sullam Holdings L.R Ltd, a private investment company that invests in high-tech, industrial and real estate companies. Prior to joining Sullam Holdings L.R Ltd in 2014, Nachshon was a manager in financial advisory services for KPMG Somekh Chaikin, and the Head of Financing and Economy Sector for Israel Credit Cards Ltd.&lt;br&gt;The following current non-executive Directors will resign on Completion of the Offers:&lt;br&gt;- Aharon Lukach;&lt;br&gt;- Yaniv Buskila; and&lt;br&gt;- Aviv Dagan.</td>
<td>Section 6.1</td>
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</table>

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who are the key members of Nice-Vend’s executive management?</strong></td>
<td><strong>Udi Klier (Chief Executive Officer)</strong>&lt;br&gt;Udi Klier is the Company’s Chief Executive Officer.&lt;br&gt;Please refer to profile above.&lt;br&gt;<strong>Jonathan Berger (Chief Financial Officer)</strong>&lt;br&gt;Jonathan is the Company’s Chief Financial Officer.&lt;br&gt;Jonathan has previously worked as an investment banker and as a Chief Financial Officer in a variety of technology and startup companies, both public and venture capital backed, and has significant experience in the financial management of companies.&lt;br&gt;<strong>Kobe Li (Company Secretary)</strong>&lt;br&gt;Kobe has extensive ASX experience and will act as the Company Secretary.&lt;br&gt;<strong>Roy Tamir (Head of US Operations and Technical Support)</strong>&lt;br&gt;Roy directs the Company’s operational activities in the United States, including logistics, training and technical support.&lt;br&gt;<strong>Yona Tzurdecker (Chief Operating Officer)</strong>&lt;br&gt;Yona is responsible for the processes designed to leverage and enhance the Company’s overall operational efficiency.&lt;br&gt;<strong>Yossi Eitach (GM of Elviento)</strong>&lt;br&gt;Yossi acts as the Israeli Sales and Marketing Manager and General Manager of Elviento.</td>
<td>Section 6.2</td>
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</table>
## 1.6 SIGNIFICANT INTERESTS OF KEY PEOPLE AND STAKEHOLDERS

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
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</table>
| Who are the Existing Shareholders and what will be their interest in the Company at Completion of the Offers? | As at the date of this Prospectus, the Company has 72,314,987 Shares on issue, held by the following Shareholders:  
- key employees, Board members and related parties of the Company hold a total of 34,484,376 Shares; and  
- unrelated shareholders hold 37,181,377 Shares.  
A further 5,706,250 unissued Shares have been reserved but remain unallocated under the 2017 Share Option Plan.  
After Completion of the Offers, the Existing Shareholders will hold approximately 64% of the Company's share capital (assuming that the Minimum Subscription is achieved but that the Options are not exercised).  
Please refer to Section 6.2.2.4 for information about Directors' existing shareholding and expected shareholding following the Offers. | Section 7.1.4 |
| Does the Company currently have any Options on issue? | The Company currently has 4,305,162 Options on issue, comprising:  
- 1,333,893 Options issued to Ehud (Udi) Klier;  
- 1,308,786 Options issued to other employees and service providers of the Company and Elviento under the 2009 Share Option Plan; and  
- 1,662,482 Options issued to the Financial Advisor.  
The Company also has agreed to issue up to 5,625,000 Options to the Lead Manager and Financial Advisor under the Promoter Offer (if the Maximum Subscription is raised). Further, the Company has agreed to issue up to 10,135,122 Shares to a pre-IPO investor, Saifan Bosmat Ltd as part of Public Offer. If Saifan Bosmat Ltd subscribes to any of the 10,135,122 Shares as part of the Public Offer, they receive options equating to 10% of their investment in the Company, which options reduces the quantum of the 5,625,000 Options to be issued to the Financial Advisor on a one to one basis. | Section 7.1.4 |
| Will any Shares or Options be subject to restrictions on disposals following Completion of the Offers? | No Shares issued to unrelated parties under the Public Offer will be subject to escrow.  
Options to be issued under the Promoter Offer, certain existing Shares and Options held by seed investors, related parties of the Company and promoters, and any Shares issued to related parties of the Company under the Public Offer, will be subject to ASX imposed escrow for a period of up to 24 months following quotation.  
In addition to ASX-imposed escrow, the Company will enter into voluntary escrow deeds with certain related parties of the Company, promoters and key management personnel of the Company for a period of 18 months following quotation. Therefore, assuming that the Minimum Subscription is raised and no Options are exercised, approximately 8.36% of Shares will be subject to escrow for a period of 24 months after quotation and approximately 28.59% of Shares will be subject to escrow for a period of 18 months after quotation. | Section 7.7 |
Are there any significant existing, or benefits and interests payable to Directors of the Company or other stakeholders?

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Relationship to Company</th>
<th>Benefit</th>
<th>Reason</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ehud (Udi) Klier</td>
<td>Executive Director</td>
<td>2,336,778 Shares</td>
<td>Existing seed shareholding, Options received under 2009 Share Option Plan</td>
<td>Section 6.2.1</td>
</tr>
<tr>
<td>Aharon Lukach</td>
<td>Outgoing Director</td>
<td>2,641,269 Shares</td>
<td>Existing seed shareholder</td>
<td></td>
</tr>
<tr>
<td>Yehuda Nir</td>
<td>Promoter</td>
<td>9,119,445 Shares</td>
<td>Existing seed shareholder</td>
<td></td>
</tr>
<tr>
<td>Sdot Yam</td>
<td>Related Party</td>
<td>7,354,991 Shares</td>
<td>Existing seed shareholder</td>
<td></td>
</tr>
<tr>
<td>Israel Rozental</td>
<td>Promoter</td>
<td>9,946,724 Shares</td>
<td>Existing seed shareholder</td>
<td></td>
</tr>
<tr>
<td>YTY</td>
<td>Related Party</td>
<td>3,105,159 Shares</td>
<td>Existing seed shareholder</td>
<td></td>
</tr>
<tr>
<td>Financial Advisor</td>
<td>Promoter</td>
<td>1,662,482 Options</td>
<td>Consideration for services provided</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,702,703 Shares and up to 3,750,000 Options</td>
<td>Consideration for services relating to the Offer</td>
<td></td>
</tr>
<tr>
<td>Lead Manager</td>
<td>Promoter</td>
<td>Up to 1,875,000 Options</td>
<td>Consideration for Lead Management Services provided relating to the Offers</td>
<td></td>
</tr>
</tbody>
</table>

1 The Company will appoint Amihai Beer to the Board following completion of the Offer, and has previously appointed Yaniv Buskila and Aviv Dagan to the Board. The Company therefore considers that Sdot Yam is a related party of the Company. Please refer to Section 9.3 for a summary of the agreement between Sdot Yam and the Company.

2 YTY is wholly owned by Lenny Recanati, who is the father of Tal Recanati, a former Director of the Company. The Company has appointed Nachshon Akiva to the Board to replace Tal Recanati. The Board therefore considers that YTY is a related party of the Company. Please refer to Section 9.3 for a summary of the agreement between YTY and the Company.

3 Assuming that the Maximum Subscription is raised.
### 1.7 OVERVIEW OF THE OFFER

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What are the Offers?</strong></td>
<td>The Company is undertaking an Offer of up to 37,500,000 Shares at $0.20 per Share to raise up to $7.5 million (before costs) (Public Offer). The Company has agreed to pay an advisory fee of US$400,000 (including any applicable GST), i.e. approximately $540,541 to the Financial Advisor which the parties have agreed will be satisfied via the issue of 2,702,703 Shares, and, depending on the amount raised under the Public Offer, the Company will also issue up to 5,625,000 Options to the Lead Manager and Financial Advisor (Promoter Offer).</td>
<td>Section 7.1(a)</td>
</tr>
</tbody>
</table>
| **What is the purpose of the Public Offer?** | The purpose of the Public Offer is to:  
- facilitate the Company’s application for admission to the Official List of the ASX;  
- raise no less than $5 million (before deduction of costs) pursuant to the Public Offer; and  
- provide a liquid market for Shares and an opportunity for new Shareholders to invest in the Company. | Section 7.1 |
| **How will the proceeds of the Public Offer be used?** | The proposed use of funds raised from the Public Offer include:  
- funding the research and development for the commercialisation of the counter-top version of the quinzee Machine;  
- provide funds for sales and marketing operations, particularly in the United States;  
- funding of the Company’s business operations;  
- the production of machines for future sales and/or trials;  
- funding ongoing research and development, form example new versions of the quinzee and utilising the Company’s unique technology; and  
- fund the expenses of the Offers and the associated costs of listing the Company on ASX. No funds will be raised from the Promoter Offer. | Section 7.2 |
| **How is the Public Offer structured / who is eligible to participate?** | The Public Offer comprises:  
- a Broker Firm Offer, being an offer to Australian resident retail clients of Brokers, who have received a firm allocation from their Broker; and  
- the Institutional Offer, being an invitation to bid for Shares which is made to institutional investors in Australian and in certain other eligible jurisdictions. No general public offer of Shares will be made under this Prospectus. | Section 7.1 |
| **What is the Offer Price?** | The Offer Price is $0.20 per Share. | Key Offer Details |
| **Is the Public Offer underwritten?** | The Public Offer is not underwritten. | Section 7.2 |
| **Will the Shares be quoted?** | The Company intends to apply to the ASX for quotation of all Shares. | Section 7.2 |
| **Will the Options be quoted?** | The Company does not intend to apply for quotation of the Options. | N/A |
### 1 INVESTMENT OVERVIEW

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What is the allocation policy?</strong></td>
<td>The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by agreement between the Company and Lead Manager, having regard to the allocation policy detailed in Sections 7.3.4 and 7.4.2. With respect to the Broker Firm Offer, it is a matter for the Brokers (and not the Company) how they allocate Shares among eligible retail clients. For further information on the Broker Firm Offer, see Section 7.3. The allocation of Shares under the Institutional Offer was determined by agreement between the Company and the Lead Manager.</td>
<td>Sections 7.3.4 and 7.4.2</td>
</tr>
<tr>
<td><strong>Will the Company accept over-subscriptions?</strong></td>
<td>The Company will not accept over-subscriptions.</td>
<td>Section 7.2</td>
</tr>
<tr>
<td><strong>Is there any brokerage, commission or stamp duty payable by Applicants?</strong></td>
<td>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Public Offer.</td>
<td>Section 7.14.7</td>
</tr>
<tr>
<td><strong>What are the tax implications of investing in the Shares?</strong></td>
<td>Section 9.5 provides a general summary of the potential Australian tax implications of participating in the Offer. However, the tax consequences of participation will depend on the individual investor’s circumstances and, as such, Applicants should obtain their own tax advice before subscribing for Shares pursuant to the Offers.</td>
<td>Section 9.5</td>
</tr>
<tr>
<td><strong>When will I receive confirmation that my Application has been successful?</strong></td>
<td>It is expected that initial holding statements will be mailed by standard post after the close of the Offer on or about 28 September 2018. If the minimum of $5 million is not raised, all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.</td>
<td>Key Offer Details, Section 7.2</td>
</tr>
<tr>
<td><strong>What is the minimum Application size?</strong></td>
<td>The minimum Application size for investors under the Broker Firm Offer is $2,000, being an Application for 10,000 Shares, then in multiples of $500. There is no maximum value of Shares that may be applied for under the Broker Firm Offer subject to the maximum capital being raised under the Public Offer. The Lead Manager and the Company reserve the right to reject any application made under the Broker Firm Offer or to allocate a lesser number of Shares than that applied for. In addition, the Company and the Lead Manager reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject and scale back any Applications.</td>
<td>Section 7.1</td>
</tr>
<tr>
<td><strong>How can I apply?</strong></td>
<td>Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus, or via the relevant electronic Application Form attached to the electronic version of this Prospectus, available at <a href="http://www.nicevend.com/investors">www.nicevend.com/investors</a>.</td>
<td>Section 7.3.2</td>
</tr>
</tbody>
</table>
## 1 INVESTMENT OVERVIEW

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Further information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>When are the Shares expected to commence trading?</strong></td>
<td>Please refer to the indicative timetable in the Key Offer Details Section for the key dates of the Offer. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, even if such person received confirmation of allocation from the Share Registry, by a Broker or otherwise.</td>
<td>Key Offer Details</td>
</tr>
<tr>
<td><strong>Can the Public Offer be withdrawn?</strong></td>
<td>Completion of the Public Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Public Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time. 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 Shares offered for subscription.</td>
<td>Section 7.8</td>
</tr>
<tr>
<td><strong>Where can I find out more information about this Prospectus or the Offer?</strong></td>
<td>You can obtain further information from: your accountant, solicitor, stockbroker or other independent professional financial adviser; from the Company’s share registry, Boardroom Pty Ltd on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia); from the Company by contacting the Company Secretary, Kobe Li on +61 3 8622 3356 or on <a href="mailto:kobe.li@boardroomlimited.com.au">kobe.li@boardroomlimited.com.au</a>; or from the Lead Manager on +61 2 9226 0000.</td>
<td>N/A</td>
</tr>
</tbody>
</table>
SECTION 2

INDUSTRY OVERVIEW
2 INDUSTRY OVERVIEW

2.1 INTRODUCTION
The Nice-Vend Group operates across three distinct markets, generally described as follows:
- the development, manufacture and sale of Textured Frozen Beverage dispensers and equipment (Dispensary Business);
- the development, manufacture and sale of foodstuff, namely the powders and syrups (FLAKES™) used by the Textured Frozen Beverage dispensers manufactured by the Nice-Vend Group (Foodstuff Business); and
- the operation, servicing and maintenance of vending machines (Service Business).

Each of these businesses are capable of operating independently of the others. However, these businesses will target the same or similar clients/customers being businesses and organisations that wish to sell Textured Frozen Beverages to the end consumer. Typically, end consumers purchase and consume Textured Beverages at:
- HoReCa establishments and QSRs;
- convenience stores and other retail outlets including department stores, theatres, sports venues, and amusement parks; and
- other locations where people generally congregate, for example, schools, hospitals, parks and the like, (together TFB Vendors).

2.2 TEXTURED FROZEN BEVERAGE MARKET

Textured Frozen Beverages
In 2016, over 3.0 billion cups of Textured Frozen Beverages were sold across all sales channels in the United States, equating to approximately $7.2 billion in product sales.

TFB Vendors typically earn significant gross margins from the sales of these beverages, which typically sell for between $1.90 to $6.20, resulting in gross margins significantly higher than 50%.

Textured Frozen Beverage Ingredients
It has been estimated that sellers of the key ingredients of Textured Frozen Beverages earned approximately $2.0 billion in ingredient sales in the United States in 2016.

Research also indicates that the gross margin earned by QSRs who serve higher quality Textured Frozen Beverages like Frappuccinos, frozen yogurts, fruit shake and iced teas are in excess of 50% (due to the fact that QSRs typically charge one and a half to more than two times more for a beverage, on average, than convenient stores).

Therefore, syrup/ingredient suppliers have flexibility to charge premium prices for more complex ingredient blends and mixes.

2.3 THE TEXTURED FROZEN DISPENSED BEVERAGE EQUIPMENT MARKET

The textured frozen dispensed beverage equipment industry is focused on commercial granita machines or slushie machines. Equipment types include the traditional pour over machines, liquid autofill machines and powdered autofill machines. Of these machines in 2016:
- auger machines comprised an estimated 58% of the global market, or approximately $911 million;
- liquid autofill equipment machines comprised an estimated 29% of the global market, or approximately $424 million in revenue; and
- powdered autofill equipment machines comprised an estimated 13% of the global market, or approximately $196 million in revenue.

Demand for Equipment
The demand for Textured Frozen Beverage dispenser equipment is derived from the growing demand for Textured Frozen Beverages sold by the equipment users. The market for Textured Frozen Beverage dispenser equipment in the United States is the largest region in the world as it equates to approximately $479 million in 2016 and the total revenue associated with the global Textured Frozen Beverage dispenser equipment market, was around $1.47 billion. The Asia Pacific region generated approximately $305 million, of which Australia is thought to be responsible for nearly $37 million.

The growth in demand for Textured Frozen Beverage equipment is driven by three key factors:
- the increasing number of establishments that can potentially use Textured Frozen Beverage dispenser equipment (i.e. the growth of the end user base population, independent of whether they currently use Textured Frozen Beverage dispenser equipment);
- the increasing number of establishments that currently use Textured Frozen Beverage dispenser equipment; and
- the growth in size of the Textured Frozen Beverage dispenser equipment order per establishment (number of units per purchase contract).

Users of frozen beverage dispensing equipment
In the United States, it is estimated that there are over 240,000 QSR establishments, over 165,000 convenience stores, and an additional 115,000 other retailers and restaurants that serve some form of a self-service or automatically-produced frozen beverage. This equates to approximately 524,000 establishments that are potential adopters of Textured Frozen Beverage dispenser equipment, and approximately 54% of which currently own some form of Textured Frozen Beverage dispenser equipment (being 75% of all convenience stores and about a third of QSRs).

There are over 700,000 units of Textured Frozen Beverage dispenser equipment installed throughout the United States. 58% of the installed base are located in convenience stores throughout the country and 24% of the installed base of equipment are in QSR establishments. The remainder of the Textured Frozen Beverage dispenser equipment is located in other retail establishments, including mass merchandisers, supermarkets and ice cream parlors.
## 2 INDUSTRY OVERVIEW

### Trends in the Textured Frozen Dispensed Beverage and Equipment Market

Additional market segments will most likely emerge in the Textured Frozen Beverage market, including drinkable ice creams, no sugar options and protein/caffeinated frozen shakes. This is in addition to demand for a wider variety of flavours and healthier options, which is driving the development of new kinds of beverage mixes, ingredients and equipment.

Notably, ‘low sugar’ and ‘diet’ Textured Frozen Beverages are limited in the market due to technical limitations in blending non-sugar sweeteners in a frozen blended mix. Specifically, auger machines cannot prepare certain low sugar mixes because, if the sugar quantity is low, the frozen mix will not retain the right consistency.

Equipment users increasingly demand a larger variety of Textured Frozen Beverages, higher-capacity machines which use less energy and are space-efficient.

#### 2.4 THE FOOD AND BEVERAGE VENDING MARKET

The global food and beverage vending industry generated approximately $140 billion in revenue from product sales globally in 2016, of which:

- Asia Pacific was the largest region in terms of revenue generated, at over $51 billion (comprising 37% of global revenue); and
- the United States was the second largest market in the world, accounting for 20% of global sales ($28 billion).

The food and beverage vending industry is generally speaking segmented by the type of finished product that the vending machine offers for sale. Product technology segments include:

- carbonated soft drink vending machines;
- hot drink vending machines (e.g., coffee and teas);
- frozen food and beverage vending machines; and
- other vending machines that serve shelf-stable or refrigerated food products.

It is anticipated that vending machine technology will follow the current trend of connecting everyday objects to the internet, allowing them to send and receive data, in order to enable fully autonomous vending operation, and provides an opportunity to integrate cross-industry business models, products, and services. Operators seek opportunities to increase their vending efficiencies and to encourage consumers to spend more per visit.

Using the United States as an example, it was estimated that in 2016, there were over seven million food and beverage vending machines installed throughout the United States, and of these vending machines:

- 59% were carbonated soft drink vending machines; which generated revenue of approximately $418 million;
- 29% of the vending machines served shelf-stable or refrigerated food products, which generated revenue of approximately $594 million;
- 14% served hot drinks (primarily coffee machines in office buildings and factories), which generated revenue of approximately $90 million; and
- 1% served frozen food and/or beverages, which generated revenue of approximately $80 million, of which the majority of frozen products sold were not beverages but rather frozen novelty treats and ice cream.

In 2016, total global sales of vending machine equipment were approximately $5.9 billion, and total sales of vending machine equipment in the United States totaled approximately $1.2 billion, which equates to approximately 140,200 units.

The demand for vending machine equipment in the United States is driven by growth of its end user base, which is best represented by vending machine equipment locations. Key vending machine locations in the United States include government and military, schools and universities, hospitals, offices, factories, and other public locations.
BUSINESS / COMPANY OVERVIEW
3 BUSINESS / COMPANY OVERVIEW

3.1 OVERVIEW OF THE BUSINESS

The Nice-Vend Group operates businesses across three distinct markets, being the Dispensary Business; the Foodstuff Business and the Service Business.

The Company is a food technology company incorporated in 2007 with the purpose of being the first to develop a method to enable an automatic, on-demand preparation of Textured Frozen Beverages. Nice-Vend successfully developed a proprietary patented technology for the preparation of frozen drinks by automatically mixing any number of ingredients into a homogenised iced drink.

The first application of Nice-Vend’s technology is currently being utilised in its stand-alone frozen drinks vending machine (quinzee Machine). The quinzee Machine is an on-demand vending machine for Textured Frozen Beverages. The Company believes it is unique in the beverage market. Nice-Vend as an investment provides the following key highlights:

− (Proprietary technology): The Company offers a unique, proprietary solution which enables the automatic, on-demand preparation of Textured Frozen Beverages. The Company believes that the quinzee Machine is a novel product, as a vending machine and as a countertop machine.

− (Unique method of production): The quinzee Machine differs from traditional slushie or granita machines in that it prepares its own ice and adds flavour essences through syrups and/or powders (FLAKESTM) while blending the ingredients, instead of pre-preparing and freezing liquids into ice beverages. This method of preparation offers a wide variety of flavours and frozen beverage types to consumers, unlike many traditional methods of production.

− (FLAKESTM): The Company has developed a large number of different FLAKESTM flavours, including those with unique features which are not usually available with other TFB Vendors or in auger machines.

− (Countertop machine): The Company is developing a countertop version of the quinzee Machine, which it plans to commercialise within two years following the Offers. The Company believes that the product is a unique solution to an identified market need. The countertop machine is designed to be placed on top of a counter with alternative design models being developed for the mixing/flavouring system. The countertop machine will have full connectivity enabling it to connect with point of sale devices. The countertop machine is currently a working prototype and due to the complexity of the product will require further development by the Company before a final model can be manufactured and brought to market.

− (Large, addressable market): The Company believes that there is a potentially large addressable market for both the quinzee Machines and the Textured Frozen Beverages produced by the quinzee Machines and countertop machines, as outlined in Section 2.

− (Innovative concentrates): The Company has unique knowledge and experience in developing ingredients, concentrates and flavours (FLAKESTM) for use in preparation of Textured Frozen Beverages, which allows it to develop bespoke FLAKESTM in collaboration with third parties.

3.2 EXISTING TECHNOLOGY

Traditionally, frozen drinks have not been sold in stand-alone vending machines. Traditional technology consists of common granita/slushie (auger) machines which only allow for the storage of pre-mixed frozen drinks which are dispensed to customer upon demand. Because of this, these frozen drink vending machines can only dispense limited flavours and textures.

The existing technology relating to the preparation and sale of frozen drinks requires the freezing of water together with a prepared mix of ingredients. A minimum brix (sugar level) is required in order to keep the beverage mixture from entirely freezing. This makes a completely sugar-less beverage difficult to make in the traditional auger machines. In addition, the freezing process typically takes between 60 to 150 minutes (depending on the machine being used to cool the mixture and the ambient temperature at the time the process commences). Textured Frozen Beverages cannot be properly served during this ‘cooling period’ and as such there is a lead time in order to prepare a new batch for consumption. Once the batch of prepared frozen drink is finished, there is an additional preparation and freezing period until a new batch can be prepared.

Traditional technology requires the auger machine to always be turned on and ‘churning drinks’ to ensure that the mixture is cooled and does not completely freeze, rendering it unsalable in that state. As a result, the power consumption per cup using traditional technology is typically quite high.

If frozen drinks are made by hand or if the frozen beverage is prepared on demand, i.e. in a blender, the preparation process, including adding ingredients (such as fresh fruit, ice-cream or other ingredients), can take a comparatively significant time and cost. In addition, with manually prepared drinks, each flavour combination needs to be prepared separately. The entire process can also create inconsistent results in texture, flavour and wait time for the customer.
3 BUSINESS / COMPANY OVERVIEW

The following table provides a comparison of the existing methods/technologies for the production of granita/slushie/frozen beverages:

<table>
<thead>
<tr>
<th>Auger machines</th>
<th>Autofill machines</th>
<th>Blender</th>
<th>Nice-Vend quinzee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully automatic</td>
<td>x</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>Prepared serving to order</td>
<td>x</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>Wide variety of flavours and ingredients</td>
<td>x</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>No constant human involvement required</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Allows sugar-less blends options</td>
<td>x</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>Low energy consumption (when idle)</td>
<td>x</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>Automatic cup and straw dispensing</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Homogenised texture</td>
<td>x</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>Continuous preparation</td>
<td>x</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>Ability to send and receive data over the internet</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Efficient Food cost measurement</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Computerised control</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

3.3 NICE-VEND TECHNOLOGY

The quinzee Machine works unlike the traditional granita/slushie (auger) machines described above. The quinzee Machine prepares Textured Frozen Beverages on demand and without the need for an operator. More information with respect to the operations of the quinzee Machine is set out in Section 3.5 below.

Nice-Vend has also developed a variety of different flavours under the FLAKES™ brand. FLAKES™ is a range of flavoured syrups and instant powders used for the preparation of frozen drinks, which work within the quinzee Machines. The unique homogenised frozen texture of FLAKES™ products can include real fruit content of up to 95%, and allow for the flavouring to be have alternative features such as low-calorie, no added sugar, sugar-free, dairy or dairy-free, protein rich content, coffee, real tea and caffeinated rich content to produce Textured Frozen Beverages. This, along with a consistent mixing formula ensures that each serving has the same quality for every Textured Frozen Beverage served from a quinzee Machine.

Currently, Nice-Vend manufactures and distributes quinzee Machines and FLAKES™ products to its customers and distributors globally, with a particular focus on Israel, Australia and the United States. Nice-Vend also supplies its customers with FLAKES™ products and ancillary items (such as straws, cups, cleaning products and water filters).

For more information on the Company’s business model and its expansion plans, please see Section 3.6 below.

3.4 HISTORY OF THE COMPANY AND ITS BUSINESS

Nice-Vend was established in 2007 by an interdisciplinary team of engineers and food preparation machine veterans with the purpose of developing a much anticipated solution for the automatic and on-demand preparation of frozen drinks.

After seven years of research, development and pilot programmes, the first vending machine was launched in 2014, branded as a ‘quinzee’. Since then, the quinzee Machine has undergone a number of iterations, obtained safety certifications in the locations into which it is sold, and has piloted in various locations around the world. ‘quinzee’ is a word Athabaskan origin and refers to a type of shelter made out of snow.

From its incorporation to the date of the Prospectus, the Company has spent an estimated US$14 million on sales and marketing and various research and development initiatives in the frozen beverages markets, including the development of the quinzee Machine, intellectual property protection of the technology behind the quinzee Machine, the first prototype of countertop machine (currently still in the development phase), developing the proprietary technology underpinning both machines, FLAKES™ and the establishment of Elviento’s operations.

After initial development, there was an early need to prove the quinzee Machine concept and to establish a market presence by ‘in-the-field’ pilot programmes. Therefore, the Company began looking for opportunities to place and operate quinzee Machines in various locations around Israel. These locations were evaluated based on establishing a wide geographical presence and thorough market exposure to potential buyers of quinzee Machines and consumers of frozen drinks, as well as appeal to established brands looking to enhance their existing products by developing frozen drinks.

Subsequently, the Company signed an agreement with Israel’s Nature and Parks Authority and the Israeli Defence Forces to exclusively supply and operate quinzee Machines in certain national parks and army bases in Israel. These initial collaborations allowed the Company to refine its product offering and increase its market exposure.

The Company’s headquarters, manufacturing facility, warehouse and research and development facility is located in Hod Hasharon, Israel (in Greater Tel Aviv). The Company also operates out of a warehouse facility in Miami, Florida.

The Company is currently comprised of a team of 14 employees and three contractors who the Company will use on an as needed basis. The financial, operational and management team of the Company consists of seven employees and a contractor located in Israel along with a further seven employees who are responsible for the manufacture, assembly, maintenance, support and operation of the quinzee Machines. Two of the contractors are based in the United States and are responsible for sales and technical support of the Company’s United States operations.
3 BUSINESS / COMPANY OVERVIEW

3.5 OPERATIONS OF THE BUSINESS

3.5.1 quinzee Machine

The Company has developed an innovative and unique technology for the automatic, on-demand preparation of frozen drinks and utilised this technology to develop the quinzee Machine. The Company considers that the quinzee Machine is novel and unique, in that it is a stand-alone, fully automated, on-demand preparation vending machine for Textured Frozen Beverages.

The quinzee Machine is the size of a typical vending machine weighing approximately 300kg. The quinzee Machine is a self-contained system, requiring connection to electricity and potable water in order to operate, and uses an imbedded SIM card enabling the communication of logged product and transaction data.

The quinzee Machine is unique because it has the ability to prepare blended ice-based drinks in a fully automated way. It blends syrups, concentrates and powders (FLAKESTM, which are housed within the unit), with crushed ice and water to produce Textured Frozen Beverages. The entire quinzee Machine is fully automated and includes proprietary ice management, cup and straw dispensing and a cleaning cycle. This innovation allows for an operator-free dispenser to be placed in virtually any location.

The quinzee Machine offers a wider variety of flavours in one machine, a larger quantity of servings per machine (as the machine produces its own ice) and enables the use of innovative mixes (such as no added sugar and sugar-free blends, protein powders, fruit mixtures and other additives) which are difficult to prepare when using auger machines, therefore potentially appealing to a wider customer base than the frozen drinks prepared by the auger machines.

The quinzee Machine uses a Bag In Box (BIB) method for a continuous production of beverages and a typical machine contains eight different FLAKESTM flavours (the quinzee Machine can be easily adapted to contain a greater number of FLAKESTM flavours (but the size of the machine would need to be adapted accordingly)). If one FLAKESTM flavour runs low, the flavour can easily be replaced by connecting a new BIB of flavouring and/or topping-up powder, which is slotted into a plastic canister inside the machine. Flavour refilling requires an operator. A syrup ‘bag’ typically holds four litres of liquid and a powder ‘box’ holds approximately one kilogram of powder.

The processing time for one Textured Frozen Beverage in the quinzee Machine varies between 30 - 60 seconds (depending on the beverage chosen and whether the self-cleaner is in operation). The production capacity for one quinzee Machine will vary depending on the syrup/powder combination used. Generally speaking, each one kilogram ‘bag’ of powder will produce a minimum of 25 standard 300ml Textured Frozen Beverages, and a four litre syrup package will produce a minimum of 80 standard 300ml Textured Frozen Beverages. Therefore, a fully loaded machine can typically produce between 100 and 150 litres of Textured Frozen Beverages before the quinzee Machine’s stock of flavouring is fully depleted (or between 333 and 500 standard 300ml servings).

In comparison, a typical auger machine (other than liquid or powder auto-refill machines), will usually hold approximately 12 litres of ready-made frozen beverage (i.e. approximately 40, 300ml servings), and it may take a number of hours to ready a new batch of frozen drinks for consumption. Liquid or powder auto-refill machines solve the capacity limitation issues associated with auger machines but will still need to run constantly in order to ensure there are sufficient levels of consumer ready drinks available at any given time. Further, the auto-refill machines may still be limited in the number of flavour offerings and will require an operator to dispense the beverage.

Nice-Vend provides a warranty with respect to its quinzee Machines. As a variety of ingredients may be used within the quinzee Machine, the Company’s terms and conditions stipulate that Nice-Vend will only warrant the operations of the quinzee Machines if the customer uses the FLAKESTM products. The use of non-FLAKESTM ingredients in the machine can cause the failure of the machine to prepare beverages correctly or damage the machine and is not recommended. Any customer warranty will be lost if non-FLAKESTM products are used in the machine.

In the future, it is intended that the quinzee Machine implements radio-frequency identification stock management capabilities which will ensure the correct use of ingredients in the machine.

Some of the funds raised will be used towards the continued development of the quinzee Machine and associated matters.

The quinzee Machine will need on-going support of its certifications, customer modifications, and intellectual property development and protection, as well as obtaining or updating for all appropriate statutory licences and certifications to operate the machines (for example, ‘NSF certification’ which is currently being processed), new modifications for new locations, and the development of new FLAKESTM powders, concentrates and syrups.

The number of cups which can be valid for the purpose of calculating of entity into "Cooling Down" mode

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>05:13</td>
<td>Default Screen</td>
<td>Welcome to Nice-Vend mode</td>
</tr>
<tr>
<td></td>
<td>Please make your Flakes Selection</td>
<td>Select your desired Flakes</td>
</tr>
<tr>
<td></td>
<td>System default screen</td>
<td>Default screen displayed</td>
</tr>
<tr>
<td></td>
<td>Operation Mode</td>
<td>Select operation mode</td>
</tr>
<tr>
<td></td>
<td>Please wait the drinks you have chosen is being prepared</td>
<td>Track status of drinks preparation</td>
</tr>
<tr>
<td></td>
<td>The display of drink prepared</td>
<td>Display progress of drinks preparation</td>
</tr>
<tr>
<td></td>
<td>Time bar until preparation of drink completed</td>
<td>Time remaining for drinks preparation</td>
</tr>
<tr>
<td></td>
<td>Your FLAKES drink is ready</td>
<td>Notify user that drink is ready</td>
</tr>
<tr>
<td></td>
<td>ENJOY</td>
<td>Invite user to enjoy their drink</td>
</tr>
</tbody>
</table>

Figure 1. Drink selection screen.
Operating a quinzee Machine

The quinzee Machine is a relatively simple machine and operates like any other vending machine. Customers/users insert funds by way of cash (coins or bank notes), tokens, bank card or any online payment system, and make their selection. The quinzee Machine then automatically prepares and dispenses the Textured Frozen Beverage and returns any excess money (if required) paid to complete the transaction.

Figure 1 illustrates the current quinzee Machine’s user interface. The graphics show the default user interface, the interface once the customer has made their selection of a Textured Frozen Beverage (i.e. the screen that shows the name of the drink chosen and the amount of time left until preparation is completed), and finally a confirmation that the ordered beverage is ready and can be taken out of the quinzee Machine. Nice-Vend intends to enhance the user interface in future versions of the quinzee Machine by making them larger and incorporating a graphic touch screen.

The quinzee Machine is fully automated and does not require an operator in order to dispense Textured Frozen Beverage. It is also a self-cleaning machine and will run an internal cleaning cycle, which reduces the need for manual cleaning and maintenance. However, quinzee Machines will require operators to re-stock the machines as and when the FLAKES™ stock within the machine has depleted. The quinzee Machine also requires reasonable regular maintenance to ensure optimal performance.

The quinzee Machine’s ‘Technician Mode’ provides for operator programming options, including set pricing, FLAKES™ concentration (for example specifying ice/water/flavour quantities), managing payment systems, customising other machine settings and maintenance.

The quinzee Machine is also capable of providing certain statistics to operators to allow them to better manage their business. Operators are able to customise the information they receive and statistics provided by the quinzee Machine including: total products sold, financial data, stock level information, error logs, ingredients used and payment methods. The quinzee Machine provides this information using the ‘DEX protocol’. DEX is a format for collecting audit and event data from vending machines, and can, if required, also supply online information as to whether Nice-Vend approved ingredients are used.

3.5.2 Countertop machine

The Company is currently developing a countertop version of the quinzee Machine for preparing frozen drinks for the HoReCa and fast food preparation markets.

The rationale for a countertop version is that it is specifically tailored to the food service market. The countertop machine’s design is aimed at significantly reducing time and resource per serving of Textured Frozen Beverages when compared to the quinzee or other traditional model. The countertop machine utilises intellectual property from the quinzee Machine, and as such will be fully automated, reducing the need for an operator. This, along with the lower running costs, should result in reduced operational costs of a TFB Vendor when producing a Textured Frozen Beverage. The countertop machine will also provide for a large variety of flavours and is intended to include, an innovative (patent pending), conveyor belt system to allow for multiple orders of Textured Frozen Beverages (including different flavours and volumes) to be served in a rapid manner. Additional benefits of the countertop machine may include:

- shorter and consistent preparation per Textured Frozen Beverage;
- consistent quality of the Textured Frozen Beverage;
- a reduction in wasted of food when preparing a Textured Frozen Beverage; and
- a system that allows for rapid and low cost introduction of new products.

The Company intends to further the development and commercialisation of the countertop machine following completion of the Offers. It is anticipated that the countertop machine will be ready for commercial distribution and sale within two years following the Listing. The countertop machine is currently a working prototype and due to the complexity of the machine will require further development by the Company before a final model can be manufactured and brought to market.

Some of the funds raised will be used towards the development of the countertop machine; these funds are expected to be sufficient to make the countertop machine concept ready for manufacture and sale. Please refer to the use of funds table in section 7.1.2 for further information.
3 BUSINESS / COMPANY OVERVIEW

3.5.3 FLAKES™
The Company has developed its own specially formulated flavoured syrups with Eitan Granot, a professional food engineer (sub-contractor of the Company) and in conjunction with syrup manufacturer Yazamco Corporation Ltd (successor by merger of Drinka Beverages Ltd) (Yazamco) and flavour powders in conjunction with flavour powder manufacturer J Kahan Ltd. In the past, the Company has also collaborated with other manufacturers.

The FLAKES™ flavours fruit variety can include up to 95% real fruit content and these varieties can be made with no added sugar. The alternative, low-calorie flavours may include stevia and artificial sweeteners. Homogenisation and pasteurisation and an aseptic filling line process ensures the quality of each FLAKES™ product and an approximate one to two year shelf life (on the basis that the product is not required to be refrigerated and the container has not been opened).

On 4 June 2017, the Company received a ‘Kosher Certificate’ from Kosher Certification agency “Hug Hatam Sofer” confirming that the syrup flavours developed by the Company (in conjunction with Yazamco) are considered to be among the highest level of kosher standard certification – “Lemehadrin Min Hamehadrim”.

On 7 February 2018, the Company received a ‘Kosher Certificate’ from Kosher Certification agency Badatz “Beit Yossef” confirming that the powders developed by the Company (in conjunction with Y. Cohen Ltd) are considered to be a high level of kosher standard.

The kosher certification of these products ensures that a bigger potential consumer market is created for the FLAKES™ products, particularly in Israel.

3.6 THE BUSINESS MODEL
The Nice-Vend Group operates businesses across three distinct markets, being the Dispensary Business, the Foodstuff Business and the Service Business.

3.6.1 Dispensary Business, the Foodstuff Business
The Dispensary Business and the Foodstuff Business generally operate together given they are complementary. To date, over 200 quinzee Machines have been sold to third parties in nine different countries and more than 50 varieties of FLAKES™ flavours and beverages have been developed by the Company. Depending on the needs of the particular customer, Nice-Vend will implement one of the following models:

3.6.1.1 Direct sales
The Company sells the quinzee Machine to a customer and enters into a supply agreement with respect to the provision of FLAKES™ products and ancillary supplies (such as cups, straws cleaning products and water filters).

3.6.1.2 Revenue-sharing
The Company leases or lends the quinzee Machines to a customer and sells FLAKES™ products and other consumables on the basis that the revenues from sales are shared between the parties. This revenue-sharing model can vary depending on the customer, their needs and the production of the relevant consumables.
3.6.1.3 White labelled sales
The Company will sell quinzee Machines using the customer’s branding to the customer’s own network. This model is generally used for customers with a strong established brand who wish to extend their product offering in to the Textured Frozen Beverage market. Under this model the customer will also look to co-develop FLAKES™ (flavours) for the quinzee Machines.

For example, FLAKES™ developed with Wissotzky and other customers will be manufactured by the Company and be sold to Wissotzky and/or its customers and the Company will receive royalties from each sale.

In addition to the above, the Company will be responsible for the maintenance and servicing of the quinzee Machines for which it charges a fee.

3.6.2 Service Business
The Service Business is undertaken by Elviento comprising of operating vending machines (including quinzee Machines) for its customers. Elviento usually owns and operates the relevant vending machine, including quinzee Machines (but may also operate machines owned by its customers). Elviento will enter into an arrangement with a third party for the use of the relevant site on which the vending machine is located and will typically pay a fee or share revenues with the site owner. Under this model, Elviento derives the majority of its revenues from the purchasers of the vending machine products, including Textured Frozen Beverages. Elviento currently owns and operates 33 quinzee Machines, another 80 vending machines and will soon operate up to 200 auger machines, all located in Israel.

The vending machines operated by Elviento sell a variety of different products (other than Textured Frozen Beverages), including snacks and non-frozen beverages.
3 BUSINESS / COMPANY OVERVIEW

3.6.3 Material relationships and pilot programs

The table below provides a summary of material arrangements and current pilot programmes across the Nice-Vend Group’s three businesses:

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Business Model</th>
<th>No. of machines</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Army bases</td>
<td>Operations – Elviento</td>
<td>~100 (^1)</td>
<td>Israel</td>
</tr>
<tr>
<td>Public Schools</td>
<td>Revenue sharing</td>
<td>1</td>
<td>United States</td>
</tr>
<tr>
<td>Weider</td>
<td>White-label</td>
<td>45</td>
<td>United States and Europe</td>
</tr>
<tr>
<td>Wissotzky</td>
<td>Operations – Elviento</td>
<td>~200 (^2)</td>
<td>Israel</td>
</tr>
<tr>
<td>Caltex Australia</td>
<td>Pilot programme – White-label</td>
<td>25</td>
<td>Australia</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>~371</td>
<td></td>
</tr>
</tbody>
</table>

1. Different types of vending machines including quinzee Machines.
2. Auger machines ordered pursuant to lease arrangement with Wissotzky to target the HoReCa market.

3.7 KEY COMPETITORS

Currently, the Company believes there is no other offering of a similar technology that enables automatic, on-demand preparation of frozen drinks globally, or a vending machine that enables automatic, on-demand preparation of frozen drinks.

Notwithstanding the technological differences, the Company’s main competitors are the manufacturers of auger machines and suppliers of flavourings/syrups for the production of Textured Frozen Beverages.

3.7.1 Auger machine manufacturers

Section 2 of this Prospectus details the size of the textured frozen beverage dispenser industry. Given the size of the relevant market, there are numerous competitors manufacturing auger machines globally. The most well-known and positioned manufacturers of auger machines include; Tekno Celik (a Turkish manufacturer of beverage equipment), SPM Drink Systems (an Italian beverage dispenser equipment manufacturer) and Taylor Company (a United States based frozen beverage equipment company).

The auger machines manufactured by these manufacturers are well accepted in the market place and have been adopted by large retail groups and QSRs.

Notably however, there are a limited range of auger machines being developed. Also, auger machines have a tendency to be unreliable from an operational point of view, with limited capacity, limited flavours and are generally speaking expensive to operate (as there is a need for continuous use of energy in order to maintain the frozen state of the beverages), and will require an operator to dispense the beverage and/or complete the sale/purchase transaction with the end user.

3.7.2 Competitors to the Foodstuff Business and Services Business

There are a large number of global manufacturers of syrups and powders which may be used to prepare Textured Frozen Beverages, with offerings similar to the FLAKES™ products. The Company is of the view that some of the features of the FLAKES™ products (for example sugar-free, protein rich and real fruit content products), may in some circumstances distinguish FLAKES™ products from its competitors (see also section 3.8.3). However, it is not necessarily the FLAKES™ products themselves which set the offering of the Company apart from its competitors, but rather that FLAKES™ are developed to work in the quinzee Machine, thus allowing for the preparation of unique Textured Frozen Beverages.

Similarly, there are a large number of vending machine operators which compete with Elviento’s business model. The vast majority of these operators are small operations, the only notable competitor to Elviento’s business in Israel is Mashkar Ltd, an Israeli subsidiary of Coca-Cola’s operating company in Israel.
3 BUSINESS / COMPANY OVERVIEW

3.8 KEY DRIVERS TO FUTURE SUCCESS

A key driver to Nice-Vend’s success is to obtain significant market penetration in order to increase sales. In order to shorten the quinzee Machine sales cycle, Nice-Vend needs to educate its market with respect to the benefits and capabilities of the quinzee Machine. The Company’s strategy is to implement a multi-faceted marketing campaign in Australia and the United States targeting:

a) vending machine operators;
b) site and venue operators (for example, amusement parks, gyms, retail stores, schools etc.);
c) the food and beverage market (focussing on QSRs); and
d) established brands of consumer products (for example, drink brands).

The Company has participated in (and will continue to participate in) relevant trade shows, with a focus on the United States market. The Company has participated in the National Automatic Merchandising Association trade show in Las Vegas during March 2018, the National Restaurant Association trade show held in Chicago, Illinois held in May 2018 and plans to participate in the International Association of Amusement Parks and Attractions trade show in Orlando, Florida held during November 2018.

In the Company’s experience, past participation appears to have increased the visibility and profile of Nice-Vend’s products, which is anticipated to result in an increase in sales.

In addition, Nice-Vend is also dependant on the following to ensure future success:

a) closing the Offers contemplated under this Prospectus;
b) market demand for frozen beverages remaining stable;
c) ability to develop and maintain relationships with distributors of the quinzee Machines;
d) ability to ensure quality and reliability of the quinzee Machines and the beverages produced by the quinzee Machines;
e) successful commercialisation and sale of a countertop machine; and
f) foreign exchange fluctuations.

3.8.1 Vending machine operators

The Company will seek to use a traditional supply chain model in the vending machine marketplace for the manufacture, distribution and sale of its quinzee Machines. The Company has already begun approaching a number of different vending machine operators through various sales channels and initiated a number pilot programmes.

3.8.2 Site and venue operators

The Company intends to target the usual venues that house vending machines as well as other venues which would not typically house vending machines. Nice-Vend’s current targeted venues include; amusement parks, retail stores, convenience stores, QSRs, beaches, gyms, and schools, although the targeted groups may change as required by market conditions.

3.8.3 The food and beverage market

Currently, the major global food outlets (e.g. QSRs) usually serve Textured Frozen Beverages. The ingredients within these beverages are typically high in sugar, food colourings, preservatives and other additives.

The FLAKES™ are generally a healthier alternative to the current products in the market. With an ever increasing focus of the public on choosing healthier alternatives, Nice-Vend is in a strong position to provide those healthier Textured Frozen Beverages to the market. Nice-Vend intends to use its intellectual property developed during the production of the FLAKES™ products to produce bespoke flavouring for the existing food and beverage market operators leveraging off their brand to sell its products (i.e. using the brand of a QSRs), convenience store or other notable TFB Vendors will assist in driving sale of FLAKES™ and is also expected to result in an increase in the sale of quinzee Machines and eventually countertop machines.

3.8.4 Growth and Expansion Plans

The Company is currently focused on, and intends to use a portion of the proceeds of the Public Offer to finalise the development of the countertop machine and to fund Nice-Vend Group’s expansion into the United States market.

3.8.5 Expansion into the United States market

The United States is currently the largest vending machine market in the world. Nice-Vend believes that the sugar-less Textured Frozen Beverage market is underserviced globally, but in particular in the United States. Nice-Vend intends to service and capture the marketplace for no added sugar and sugar-free Textured Frozen Beverages globally with a particular focus on the United States.

Nice-Vend has incorporated a wholly owned subsidiary in the United States, Nice-Vend Inc. As at the date of this Prospectus, the Nice-Vend Group’s United States operations are being transferred to Nice-Vend Inc. which transfer will be completed post-IPO. Nice-Vend Inc. is in the process of formalising its registration to operate as a business in various United States jurisdictions, including obtaining insurance and ensuring compliance with local laws and regulations.

Nice-Vend has engaged Allpro Innovations LLC (Allpro) to consult on the operational launch of the quinzee Machine in the United States market. Allpro will provide operational services, stock management and warehousing services to support the Company’s current United States operations as well as its proposed expansion. Nice-Vend will engage other consultants or employee staff members in the United States on a needs basis to meet the demands of that market.

The Company has appointed Roy Tamir as the Head of US Operations. It is anticipated that Roy Tamir will provide technical support, training and maintenance services to the Company’s United States customer base. Further information about Roy Tamir is provided in Section 6.2 of this Prospectus.
3.8.6 Australian operations
The Company has engaged Sir Vend-A-Lot to distribute its quinzee Machines in Australia and New Zealand. Sir Vend-A-Lot has entered into a pilot programme with Caltex Australia, pursuant to which Caltex Australia has purchased 25 quinzee Machines. These machines are currently placed in a number of Caltex Australia convenience stores in the state of New South Wales and Queensland. The pilot programme also includes an arrangement pursuant to which Caltex Australia purchases FLAKES™ to use in the quinzee Machines. Sir Vend-A-Lot is a related body corporate of the Financial Advisor.

3.8.7 White-labelled products

3.8.7.1 Weider
Weider is a global active nutrition company based in Phoenix, Arizona, which sells its products and services in over 120 countries. The Company has collaborated with Weider to develop white-labelled quinzee Machines known as the ‘NutriChill’, which retail frozen high-protein shakes.

Weider initially purchased 45 quinzee Machines during 2016 and 2017. The Company collaborated with Weider to develop the formula for the productions of high-protein shakes using a mixture of Weider and Nice-Vend ingredients. Both Weider and Nice-Vend receive royalties from the sale of each beverage.

Weider, in collaboration with the Company plans to offer NutriChill machines for sale or by a revenue share model to gyms and sports facilities in the United States.

3.8.7.2 Wissotzky
Nice-Vend has collaborated with the leading Israeli tea company, Wissotzky Ltd (Wissotzky) to develop white-labelled quinzee Machines branded as the ‘Wissotzky Freeze’. Wissotzky Freeze offers a wide range of tea-flavoured Textured Frozen Beverages, which have been jointly developed by the Company and Wissotzky.

Under a current pilot programme, all sales revenue that is generated from the sale of Textured Frozen Beverages are retained by Nice-Vend. In consideration (and during this early pilot stage), Wissotzky obtains access to the sales data for its internal analysis. It is anticipated that a revenue-sharing arrangement will be entered into with Wissotzky going forward.

In addition, the Company has also started a pilot program with Wissotzky in order to introduce FLAKES™ developed for Wissotzky to the HoReCa market. For further information with respect to this pilot program, please refer to section 9.3.12 of this Prospectus.

3.8.7.3 Transnational food and beverage company
Nice-Vend has entered into a non-binding letter of intent with a large international food and beverage company (Counterparty). Under this letter of intent, Nice-Vend and the Counterparty have agreed to collaborate to develop a new line of flavours, which includes 50% fruit content per serving. To date, seven flavours have been developed by Nice-Vend in collaboration with the Counterparty. The Counterparty wishes to enter into a new market of ‘drinkable ice cream’, and will utilise its own brands of ice creams as the FLAKES™ products sold from the quinzee Machine. The launch of this pilot programme is scheduled for second half of the 2018 financial year in selected locations around Israel. Once launched, it is expected that the rich-fruit flavours developed for the Counterparty will be the first drinkable ice creams of their kind. Nice-Vend will initially supply the Counterparty with 10 branded quinzee Machines for a pilot programme, with Nice-Vend entitled to retain all revenues from this initial stage. The next phase of the pilot programme will be the supply of a further 60 machines, all to be located in Israel.

Please refer to Section 9.3 for further details of the material contracts.

3.9 SAFETY CERTIFICATIONS
The quinzee Machines have been certificated with international safety certifications based upon the targeted markets (including the United States, Australia, the EU, South Africa and Israel). The Company currently holds several certifications for the quinzee Machine (ISI (Israeli Standards Institute), IEC (International Electrotechnical Commission), UL (UL LLC), CE (Conformité Européenne), and is in the process of obtaining NSF (NSF International) certification. The Company intends to continue to meet all standards of certification required in its target markets.

3.10 INTELLECTUAL PROPERTY
Please refer to pages 39 to 54 for the Intellectual Property Report.
Intellectual Property Report

02 August 2018

Nice Vend Ltd.
Our Ref: 2946

Dear Sirs,

Presented below is a report outlaying the current status of the patents and trademarks owned by Nice Vend Ltd. (hereinafter: “NVD”) for inclusion in a Prospectus to be lodged with the Australian Securities and Investments Commission (ASIC).

The report provides a brief definition of the key terms associated with Intellectual Property and background information on patents, trademarks, trade secrets and know-how; as well as details of NVD’s patents, trademarks; and NVD’s proprietorship in its inventions, trade-secrets and know-how. Information contained in this report pertaining to NVD’s patent and trademarks is based on the information we have in our records. Information contained in this report pertaining to NVD’s trade-secrets, know-how and proprietorship is based on information we have received from NVD.

The report is correct to the best of our knowledge at the date of the report, subject to the limits and qualifications set out further below.

Structure of Report
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2. Background for Understanding Patent and Trademark Rights ................. p. 2
   2.1 Patents in General ........................................................................ p. 2
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1. **Definition of Intellectual Property**

‘Intellectual Property’ (IP) refers to creations, ideas, inventions, etc. that can be protected by law. It is a collected term used in referencing intangible creations of the human intellect. IP allows creators, or owners, of patents, trademarks or copyrighted works to benefit from their own work or investment in a creation. These rights are outlined in Article 27 of the Universal Declaration of Human Rights, which provides for the right to benefit from the protection of moral and material interests resulting from authorship of scientific, literary or artistic productions, including patents, trademarks and trade-secrets.

2. **Background for Understanding Patent and Trademark Rights**

2.1 **Patents in General**

A patent is a set of exclusive rights granted by a sovereign state or intergovernmental organization to an inventor or assignee for a limited period of time, in exchange for detailed public disclosure of an invention. An invention is a solution to a specific technological problem and can be either a product or a process.

Patents provide protection for certain new, non-obvious and useful inventions for a limited period. Patents may be granted in respect of process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof, in almost all areas of current scientific, commercial and industrial areas. It is important to note that not all new or improved products are amenable to patent protection, and while the principles governing patent laws are generally uniform worldwide according to international conventions and treaties, the application of these principles vary between jurisdictions.

Patent rights are typically national (territorial) rather than trans-national and a patent must be obtained (i.e. registered) in each country where protection for an invention is sought.

Patents are granted to the inventor(s) or to a persons or organizations entitled to it either by way of assignment, the applicable law, or other transfer.

In order for an invention to be patentable it must be ‘new’, ‘useful’ and ‘non obvious’.
The ‘novelty’ requirement is met if the invention was not known to the public before the filing date of the patent application or before the application’s priority date if the applicant claims priority of an earlier patent application.

An invention is "useful" if it provides some identifiable benefit and is capable of being used.

An invention is considered ‘non-obvious’, or to exhibit ‘inventive step’, if, given the existing accumulated knowledge in the world, it is not obvious to a person skilled in the art. It should be noted that the assessment of the inventive step and non-obviousness varies from one country to another.

The Paris Convention provides for the right of priority in the case of patents. ‘Priority Right’ means that, on the basis of a first patent application filed in one of the Contracting States, the applicant may, within 12 months, apply for protection in any of the other Contracting States. These subsequent applications will be regarded as if they had been filed on the same day as the first application. In other words, they will have priority over applications filed by others during the said 12 months for the same invention. Moreover, these subsequent applications, being based on the first application, will not be affected by any event that takes place in the interval, such as the publication of an invention or the sale of articles which otherwise would have been ‘novelty destroying’ or render the invention ‘obvious’.

Whilst there is no world patent, there are National, Regional and International patent applications.

The Patent Cooperation Treaty (PCT) is an international patent law treaty which provides a unified procedure for filing International Patent Applications. A patent application filed under the PCT is called an International Application or a PCT Application. A single filing of a PCT Application established an ‘international filing date’ for all contracting states. A PCT Application must be followed up with the step of entering into national or regional phases to proceed towards grant of one or more patents. The filing date for all PCT contracting states in which ‘National Phase’ is entered is the international filing date. The PCT procedure essentially leads to a standard national (US, IL, CN, IN, etc.) or regional (EP) patent applications, which may be granted or rejected according to applicable law, in each jurisdiction in which a patent is desired.

A PCT Application may claim priority under the Paris Convention, regardless of where the first application was filed for that particular invention.
A PCT Application does not itself result in the grant of a patent, and the grant of patent is a prerogative of each national or regional authority. Namely, a PCT Application must be followed up with the step of entering into the ‘national phase’ or the ‘regional phases’ to proceed towards grant of one or more patents. The PCT procedure essentially leads to a standard national or regional patent application, which may be granted or rejected according to applicable law, in each jurisdiction in which a patent is desired.

Patent family is the term used to describe patent applications made in various countries for which the same priority document is referenced, or deriving from the same PCT Application.

2.2 Provisional Patent Applications

Since June 1995, the United States Patent and Trademark Office (USPTO) has offered inventors the option of filing a provisional application for patent which was designed to provide a lower-cost first patent filing in the United States. Thus, common steps towards obtaining a patent may begin by filing a provisional application for a patent in the U.S.

A provisional patent application does not have to meet all formalities of a full (i.e. non-provisional) application. A provisional application is not examined and does not mature to registration. It provides the means to establish a priority date for later filed non-provisional patent application(s). It also allows the term "Patent Pending" to be applied in connection with the description of the invention.

A provisional application has a pendency lasting 12 months from the date the provisional application is filed. An applicant who files a provisional application must file a corresponding non-provisional patent application during the 12-month pendency period of the provisional application in order to benefit from the priority date of the provisional application. Thus, to enjoy the priority date conferred by a provisional patent application, within the one year pendency of the provisional application, the applicant may file separate national patent applications in each of the territories in which protection is required, or file a single PCT Application, claiming priority from the provisional application.

The provisional patent application then ceases to exist.
2.3 European Patent Applications

European patent applications are an exception to the general rule according to which patents are granted nationally. A European application may designate any or all countries that are a party to the European Patent Convention. The European patent application is processed centrally and in a single language and, if ultimately successful, can mature into a granted European patent, which must then be validated in each country in which protection is sought, some of which require translation into that country’s native language. The term ‘European patent’ thus actually constitutes a bundle of national patent rights, each of which can be enforced separately through national Courts.

2.4 Granted Patents

The right conferred by the patent grant is the right to exclude others from commercially making, using, distributing, importing or selling the patented invention without the patent owner’s consent, in the territory in which the patent is granted, and for the period in which the invention is protected.

What is granted is not the right to make, use, distribute, sell or import the patented invention, but the right to exclude others from doing so without the patent owner’s consent.

Once a patent is granted, the patentee must enforce the patent with the competent authority in that jurisdiction.

A granted patent does not guarantee that the patented invention does not infringe the rights of other patent owners.

The grant of a patent does not guarantee validity of that patent, since a patent may be revoked by the implementation of a revocation or cancellation proceedings before the competent authority (normally either the Commissioner of Patent or the Civil Courts), at any time. Normally, the basis for patent invalidation may be any ground specified as a condition for patentability. E.g., patent revocation or cancellation may be sought based on relevant prior disclosures which did not come up during the patent application’s examination, in view of which the patented invention cannot be considered to be new or to exhibit inventive step.

In addition, the invalidity of a granted patent may also be asserted in any claim or suit brought by the patent owner for enforcing its patent rights (i.e. a patent infringement claim or suit).
However, in most territories a granted patent enjoys the presumption of validity. Thus, the party who asserts patent invalidity bears the onus of proof that the patent is invalid.

2.5 Patent Term, Enforcement, Scope and Infringement

In Israel and most other territories, **patent term** is 20 years from the date of filing of the non-provisional application, or from the International Filing Date, subject to payment of periodic patent renewal fees.

**Enforcement** of patent rights varies from country-to-country. The remedies for unauthorized use (patent infringement) available to the patent owner often include injunctions for ceasing and desisting further infringement of the patent, damages or account of profits, and award of costs. In some countries, the patent owner can also file criminal complaints against the infringer.

**The scope of protection** conferred by a granted patent is determined by the language of the patent claims; but extends beyond the literal language of the patent claims. In many of the world’s patent systems the **Doctrine of Equivalents** applies and allows the courts to hold a party liable for patent infringement even though the infringing product or process does not fall within the literal scope of the claimed invention, if it is nevertheless equivalent to the claimed invention. The Doctrine of Equivalents is aimed at preventing an infringer from stealing the benefit of the invention even if the patent is not literally infringed.

**Patent infringement** occurs with the commission of an act which is prohibited with respect to a patented invention, without permission from the patent owner. The definition of patent infringement may vary by jurisdiction, but it typically includes making, using, distributing, selling or importing the patented invention. In many countries, the unauthorized acts are required to be commercial (or to have a commercial purpose) to constitute patent infringement.

Patents are territorial, and infringement is only possible in a country where a patent is in force. For example, if a patent is granted in the United States, then anyone in the United States is prohibited from making, using, selling or importing the patented item, while people in other countries may be free to exploit the patented invention in their country. A European Patent is enforceable only in the EP countries in which it was validated and maintained (i.e. renewed).
2.6 Background on Trademarks

A trademark is a word, name, symbol, or device (and in some territories, including Israel and the U.S., also sound and scent) that is used in trade with goods to indicate the source of the goods and to distinguish them from the goods of others. A trademark may be located on a package, label a voucher, or on the product itself.

Trademarks are registered in specific classes of goods or services, according to an international classification system known as the Nice Classification of Goods and Services.

The registration of the mark confers upon its owner the exclusive right to use of the mark in relation to the goods or services for which it is registered or in respect of similar goods or services; it also serves to protect the public against deception regarding the origin of the goods/services in question. Rights conferred by trademark registration extend beyond the scope of the exact trademark as registered, and in most territories encompasses unauthorized use of trademarks which are misleadingly similar to the registered trademark. Trademark infringement occurs if an unauthorized party uses a mark which is similar to the registered trademark to the extent that the public/consumers might be misled with regards to the origin of the ‘counterfeit’ goods. In other words, if unauthorized use of a mark is likely to create the incorrect assumption that the goods originate from the trademark holder, then this would constitute ‘trademark infringement’.

The registration of trademarks is territorial (with the exception of EUTMs) meaning that a trademark registration is only enforceable in the territory in which it is registered.

The owner of a trademark may pursue legal action against trademark infringement (i.e. enforce it). Most countries require formal registration of a trademark as a precondition for pursuing this type of action. Israel, the United States, Canada, the U.K and other countries also recognize common law trademark rights, which means action can be taken to protect an unregistered trademark if it is in use and if it had acquired goodwill and reputation. Still, common law trademarks offer the holder in general less legal protection than registered trademarks.

Relief for trademark infringement typically includes injunctions for ceasing and desisting further infringement of the trademark, damages or account of profits, and award of costs. In some countries, the trademark holder can also file criminal complaints against the infringer.

Trademarks are initially registered for a 10 years and are renewable for additional periods of 10 years each, indefinitely.
In most territories, non-use of a trademark by its owner, for a consecutive period of time, which varies from one territory to the other but typically ranges between 3-5 years, renders the trademark registration vulnerable to cancellation, upon request of an interested third party.

A European Union trade mark or EU trade mark, abbreviated EUTM, is a trade mark which is pending registration or has been registered in the European Union as a whole (rather than on a national level within the EU). The EU trade mark system creates a unified trade mark registration system in Europe, whereby one EUTM registration provides protection in all member states of the EU. The EU trade mark system is unitary in character. An EUTM registration is enforceable in all EU member states; and in each state it confers its holder the same right as if it were registered as a national trademark there.

3. **NVD’s Patent and Trademarks**

Following is information pertaining to NVD’s patent and trademarks; starting with an overview, given by way of tables containing for each ‘family’ of patents the basic information, and for trademarks the class and description of goods; followed by a more detailed overview of NVS’s patents and trademarks.

### 3.1 Patent and Trademark Overview

**Title of the Invention** APPARATUS FOR DISPENSING MADE-TO-ORDER FROZEN BEVERAGE

<table>
<thead>
<tr>
<th>Country</th>
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### APPARATUS FOR DISPENSING MADE-TO-ORDER FROZEN BEVERAGE

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<td>HK</td>
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<td>19 Jan 2012</td>
<td>61/145,660 Filed 19 Jan 2009 &lt;br&gt; 61/164,488 Filed 30 March 2009 &lt;br&gt; CN 80004700.8 Filed 19 Jan 2010</td>
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<td>n/a</td>
<td>Pending. Derives from CN National Phase of PCT/IB2010/050234</td>
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### Title of the Invention: APPARATUS FOR DISPENSING ELONGATED ARTICLES

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<th>Registration Date</th>
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<td>US</td>
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<td>09 Dec 2011</td>
<td>61/422,167 Filed 12 Dec 2010</td>
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<td>n/a</td>
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### Title of the Invention: FROZEN DRINK MACHINE WITH CONVEYOR BELT

<table>
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<td>US</td>
<td>62/566,553</td>
<td>2 Oct 2017</td>
<td>n/a</td>
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Trademark Name:  **EL VIENTO (word-mark) in classes 32 & 33**

<table>
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<td>008482648</td>
<td>10 Aug 2009</td>
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</table>

**Good and Services Covered**
- Class 32: Mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.
- Class 33: Alcoholic beverages (except beers), and wines.

### 3.2  Detailed Patent and Trademark Overview

#### 1st Patent Family

The patent family of “**APPARATUS FOR DISPENSING MADE-TO-ORDER FROZEN BEVERAGE**” claims priority from two (2) provisional patent applications filed on 19 January 2009 and on 30 March 2009; based on which a PCT application no. PCT/IB2010/050234 was filed on 19 January 2010. Inventors: KLIER, Niri and GRANOT, Boaz

From this PCT the application progressed to the national phase in several territories: Australia, Canada, China, Europe, Israel, Japan, Mexico, Russia and United States, all in which the applications have been granted; and Brazil, India, South Africa and Hong Kong, in which the National Phase applications are at various stages of examination.

The European Patent was validated and is in effect in the following member states: Germany, Spain, France, Great Britain, Greece, Italy and Turkey.

This family of patent discloses an apparatus for preparing and dispensing a flavored ice beverage and a method of using thereof. The apparatus includes at least one container for holding flavor ingredients, a blending unit including a blender container and a blending mechanism, an ice flakes supplying unit, a mechanism for transferring the flavor ingredients to the blender container and a computerized control unit for controlling one or more aspects of the process of producing the ice beverage. The flavor ingredients can be in grain form, powder form or in liquid form.

The patented invention in this family of patents is an apparatus for preparing and disposing a flavored iced beverage having the following elements: a container of ingredients, a blending unity, ice flake supplying unit and a mechanism and computerized control for controlling one or more aspects of the process of producing the iced beverage.
It should be noted that the scope of protection conferred by each patent in this family is determined according to the language of the patent claims of the granted patents in each one of the said territories, and may vary from one territory to the other.

Having this invention patented in a large number of countries is very advantageous commercially, since it means that this invention is protected against unauthorized use of invention, as defined by the claims, in all of these countries.

The preparation and management of the above mentioned patents was and is handled by Dr. Mark Friedman Ltd.

2nd Patent Family

Another patent family is that of PCT Application no. PCT/IB2011/055581 titled “APPARATUS FOR DISPENSING ELONGATED ARTICLES” filed 09 December 2011. This patent family claims priority from provisional patent application no. 61/422,167 filed on 12 December 2011; and progressed to the National Phase in the U.S. where it was granted under U.S. Patent No. 8,973,782. Inventors: KLIER, Niri; GAL, Shai; and GOREN, Yarom.

The U.S. Patent in this family discloses an apparatus for dispensing elongated articles such as straws, including: a container for holding the elongated articles; a hopper to receive some of the elongated articles, where the hopper is reversibly movable between a closed state and an open state; and a manipulator for performing a cycle to release a single elongated article by isolating a single article and then moving the hopper from the closed state to the open state, thereby releasing only the single elongated article.

The focus of this invention bases claims to an apparatus for dispensing elongated articles such as pencils, chop sticks, cigarettes and the like, and more specifically, an automatic sipping straw dispensing apparatus that can be operated independently or as part of a beverage or ice drink vending machine, as defined in the patent claims.

Another aspect of the patented invention in the said U.S. patent is a vending machine comprising the above-mentioned apparatus, as defined in the patent claims.

An assignment of the above-mentioned invention from the inventors to NVD was recorded on 23 May 2013 by the United States Patent and Trademark Office, assigning the inventors’ entire rights, title and interests in and to this invention, to NVD.

The preparation and management of the above mentioned patent family was handled by Dr. Mark Friedman Ltd.
3rd Patent Family

The third patent family currently consists of a more recently filed provisional patent application titled “FROZEN DRINK MACHINE WITH CONVEYOR BELT”. This application was filed on 2 October 2017 and allotted application number: 62/566,553. The named inventors are KLIER, Niri and SERFATY, Orel.

An assignment of the inventors’ entire title, interest and rights in and to this invention to NVD, was recorded on 2 October 2017.

The content of the above provisional patent application is not currently available to the public, and will not be so until approximately 18 months from the filing date and only if NVD chooses to proceed with filing non-provisional patent applications from this provisional application. This aspect of the international patent regime potentially affords NVD a competitive advantage.

The preparation and management of the above mentioned provisional patent application was handled by Dr. Mark Friedman Ltd.

Trademark

NVD is the owner of EUTM registration no. 008482648 filed on 10 Aug 2009 and registered on 22 Dec 2010.

An opposition initiated against this EUTM application was withdrawn by the Opponent and the opposition proceedings were concluded by the EU Trademark Office’s notification date 22 December 2010.

The filing and prosecution of this trademark registration was handled by Dr. Mark Friedman Ltd.

4. Trade-Secrets, Know-How and Confidential Information

Know-how and confidential information in the nature of trade secrets can be protected by a person or company, so long as such information is not already in the public domain, and is precluded from disclosure via appropriate obligations of confidence (whether arising through contract or operation of common law). The Israeli legislation which governs trade secrets is the Commercial Torts Law, 1999. Section 5 of the Israeli Commercial Torts Law, defines ‘trade secret’ as business information of any kind, which is not in the public’s domain and cannot be easily detectable by others, and which gives its
owner a competitive advantage over its competitors, provided that its owner takes reasonable steps to protect its confidentiality.

The right to prevent disclosure of know-how and confidential information can typically only be exercised by the person or company to whom the obligation of confidence is owed.

The rights to protect know-how and confidential information can be assigned or licensed through transfer of the benefit of existing obligations of confidence.

Know-how and confidential information disclosed to a company’s employees and contractors should be protected by express obligations of confidence in employment or contractor agreements, although employees may also be subject to additional common law obligations of confidence arising by reason of the employer/employee relationship and the general obligation to act in good faith.

According to information we were provided by NVD, which includes copies of executed employment agreements pertaining to the employment of Mr. Niri Klier, Mr. Udi Klier, and Mr. Yona Tzurdakar, and a copy of Mr. Niri Klier’s Consulting Agreement with NVD, as well as a copy of the NVD’s standard employment agreement, NVD’s employees are under express obligations to refrain from disclosing NVD’s trade-secrets, to refrain from transferring NVD’s trade-secrets to any third party, and to refrain from making any use of NVD’s trade-secrets except for NVD’s objectives and strictly in accordance with NVD’s instructions.

5. **Proprietorship**

**Patents**

A patent for an invention may only be granted to the inventor(s)/applicant(s) or to a person (including a legal entity) who has entitlement to the invention by way of assignment, employment contract or other means acceptable by law.

According to the Israeli patent law, at chapter 8 regarding service inventions, an employee must notify his employer of any invention which he made in consequence of his service or during the period of his service (section 131). An invention by an employee, arrived at in consequence of his service and during the period of his service (service invention) shall, in the absence of an agreement to the contrary between him and his employer, become the employer's property (section 132 (a)).

In the case of NVD there are varied inventors registered in the patent and provisional patent applications, however all have assigned their entire right title and interest in and to the inventions and deriving from the patents and patent applications, to NVD.

14/16
In addition to the above, according to information we were provided by NVD, which includes copies of executed employment agreements pertaining to the employment of Mr. Niri Klier, Mr. Udi Klier, and Mr. Yona Tzurdakar, and a copy of Mr. Niri Klier’s Consulting Agreement with NVD, as well as a copy of NVD’s standard employment agreement, NVD’s employees expressly assign to NDV all rights title and interest in any and all inventions and all proprietary rights therein conceived, learned or achieved during the term of employment which are related to NVD’s business.

**Trade-Secrets, Know-How and Proprietary Information**

According to information we were provided by NVD, which includes copies of executed employment agreements pertaining to the employment of Mr. Niri Klier, Mr. Udi Klier, and Mr. Yona Tzurdakar, and a copy of Mr. Niri Klier’s Consulting Agreement with NVD, as well as a copy of NVD’s standard employment agreement, NVD’s employees acknowledge NDV’s proprietary rights in any trade-secrets, know-how and information, including documents, methods, drawing or patents that are conveyed to the employee by NVD for the purpose of, and during, the term of employment.

In addition, Mr. Niri Klier’s and Udi Klier’s employment agreements, as well as Mr. Niri Klier’s Consulting Agreement, with NVD, include clauses regarding, confidentiality, noncompetition/non-solicitation, and considerations related to intellectual property, aimed at maintaining NVS’s proprietary rights in its trade-secrets, know-how and other intellectual property rights.

6. **Limitations of this Report**

This report is not to be construed as a legal opinion as to the registrability or validity of the NVD’s Patent Applications, Know-How or Trademarks. This report does not provide any indication that the subject inventions may be commercially exploited in any jurisdiction without risk of infringement of existing patents to other parties. It is important to note that the granting of a patent does not guarantee that the patentee has freedom to operate the invention claimed in the patent. It may be that working of a patented invention is prevented by the existence of another patent. In the preparation of this report, we have not assessed whether or not the commercialization of the invention disclosed in the existing Patent Applications and Know-How will infringe third party patent rights.

This report is not to be constructed as representing that NVD’s provisional patent application will be granted in its current form. It is often necessary during the examination of a patent application to define the invention more specifically by amending the claims, so as to distinguish relevant prior
art. As a result of the examination, there may be variations in the claims between countries, reflecting in part the different examination procedures and threshold requirements for patentability according to national laws. Whilst this is a relatively standard procedure, in certain circumstances, such amendments may affect the scope and hence the commercial significance of the resulting patent protection.

In the preparation of this report, we have not assessed whether the pending provisional patent application filed by NVD embodies commercially effective patent indicative claims. It is not obligatory to include claims in provisional patent applications. The claims are not examined and can be completely replaced when filing a non-provisional application based on the same or similar description, provided that no new subject matter is added.

This Report is not a 'Freedom to Operate' opinion and Dr. Mark Friedman Ltd. makes no assertion that the patent applications are valid or enforceable or that NVD has the freedom in any country to exploit the technology referred to in the relevant patent specifications without infringing intellectual property rights of third parties.

Dr. Mark Friedman Ltd. cannot guarantee that the patents and patent applications, even if valid or when become registered, will adequately cover any commercial products commercialized by NVD, its licensees, sub-licensees, or assigns, or that the inventions achieve the stated results or advantages.

7. Statement of independence

Dr. Mark Friedman Ltd., established in 1993 represents a significant number of Israeli and foreign businesses. Neither Dr. Mark Friedman Ltd. nor any of its owners or principals has any entitlement to any securities in NVD or has any other interest in the promotion NVD. Furthermore, the payment of fees to Dr. Mark Friedman Ltd. for the preparation of this report is not contingent upon NVD successfully gaining funds through the issue of securities. Dr. Mark Friedman Ltd. has no involvement in the preparation of the prospectus of NVD other than the preparation of this report and gives its consent for inclusion of this report in the prospectus.

Yours faithfully,

Anat Geter-Driesen, Adv.
DR. MARK FRIEDMAN LTD.
3 BUSINESS / COMPANY OVERVIEW

3.10.1 Patents

A patent is a legally enforceable and exclusive right to commercially exploit an invention for a defined period of time in a particular territory. In general, the requirements of obtaining a patent include that the claimed invention is novel, involves an inventive step and meets subject matter eligibility requirements. A granted patent can provide the owner of the patent long term protection.

Each patent will be subject to the laws of the jurisdiction of its registration, which may differ from jurisdiction to jurisdiction. For example, in Australia, a standard patent provides up to 20 years protection and an innovation patent provides up to eight years’ protection.

The protection to the owner of the patent lies in the legal right to prevent third parties exploiting the invention. The right to commercially exploit any invention includes the right of the owner of a granted patent or the owner of a patent application to licence and sublicense their rights under each.

There is no uniform patent criteria or law globally and therefore patent applications are required in multiple jurisdictions in order to obtain international protection.

The Company has patented technology within the quinzee Machine and has recently filed a further patent for the conveyor belt dispensing technology developed for use in the countertop machine.

The Company holds the following patents:

<table>
<thead>
<tr>
<th>Country</th>
<th>Title</th>
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<td>Apparatus for Dispensing Made-To-Order Frozen Beverage</td>
<td>19 Jan 2010</td>
<td>1 July 2015</td>
<td>214013</td>
<td>214013</td>
<td>Issued</td>
</tr>
<tr>
<td>Japan</td>
<td>Apparatus for Dispensing Made-To-Order Frozen Beverage</td>
<td>19 Jan 2010</td>
<td>12 Sep 2014</td>
<td>2011-545833</td>
<td>5610639</td>
<td>Issued</td>
</tr>
<tr>
<td>Mexico</td>
<td>Apparatus for Dispensing Made-To-Order Frozen Beverage</td>
<td>19 Jan 2010</td>
<td>7 Jan 2013</td>
<td>2011007618</td>
<td>306459</td>
<td>Issued</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>Apparatus for Dispensing Made-To-Order Frozen Beverage</td>
<td>19 Jan 2010</td>
<td>1 Aug 2014</td>
<td>2011129423</td>
<td>2529213</td>
<td>Issued</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Apparatus for Dispensing Made-To-Order Frozen Beverage</td>
<td>19 Jan 2012</td>
<td>N/A</td>
<td>12100642.8</td>
<td>N/A</td>
<td>Issued</td>
</tr>
<tr>
<td>United States</td>
<td>Apparatus for Dispensing Elongated Articles</td>
<td>23 May 2013</td>
<td>10 Mar 2015</td>
<td>13/989,068</td>
<td>8,973,782</td>
<td>Issued</td>
</tr>
</tbody>
</table>

The Company has applied for the following patents:

<table>
<thead>
<tr>
<th>Country</th>
<th>Title</th>
<th>Application Date</th>
<th>Patent Issue Date</th>
<th>Application No.</th>
<th>Issue No.</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>Apparatus for Dispensing Made-To-Order Frozen Beverage</td>
<td>19 Jan 2010</td>
<td>N/A</td>
<td>1007342-6</td>
<td>N/A</td>
<td>Application</td>
</tr>
<tr>
<td>India</td>
<td>Apparatus for Dispensing Made-To-Order Frozen Beverage</td>
<td>19 Jan 2010</td>
<td>N/A</td>
<td>5060/2011</td>
<td>N/A</td>
<td>Application</td>
</tr>
<tr>
<td>South Africa</td>
<td>Apparatus for Dispensing Made-To-Order Frozen Beverage</td>
<td>19 Jan 2010</td>
<td>N/A</td>
<td>2011/05106</td>
<td>N/A</td>
<td>Application</td>
</tr>
<tr>
<td>United States</td>
<td>Frozen Drink Machine with Conveyor Belt¹</td>
<td>2 Oct 2017</td>
<td>N/A</td>
<td>62/566,553</td>
<td>N/A</td>
<td>Application</td>
</tr>
</tbody>
</table>

¹. This patent application relates to the countertop version of the quinzee Machine.
### 3.10.2 Trade Marks
The Company holds the following trademarks:

#### Australian Trademarks

<table>
<thead>
<tr>
<th>No.</th>
<th>Number</th>
<th>Visual representation</th>
<th>Words</th>
<th>Registration Date</th>
<th>Status</th>
<th>Goods &amp; Services classes</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1342133</td>
<td>N/A</td>
<td>EL VIENTO</td>
<td>26 Jan 2010</td>
<td>Registered/Protected</td>
<td>32, 33</td>
<td>Nice-Vend Ltd</td>
</tr>
<tr>
<td>2</td>
<td>1342134</td>
<td>visual representation</td>
<td></td>
<td>26 Jan 2010</td>
<td>Registered/Protected</td>
<td>32, 33</td>
<td>Nice-Vend Ltd</td>
</tr>
<tr>
<td>3</td>
<td>1480832</td>
<td>N/A</td>
<td>QUINZEE</td>
<td>19 Mar 2012</td>
<td>Registered/Protected</td>
<td>7</td>
<td>Nice-Vend Ltd</td>
</tr>
</tbody>
</table>

#### European Community Trademarks

<table>
<thead>
<tr>
<th>No.</th>
<th>Number</th>
<th>Visual representation</th>
<th>Words</th>
<th>Registration Date</th>
<th>Status</th>
<th>Goods &amp; Services classes</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>008482648</td>
<td>N/A</td>
<td>EL VIENTO</td>
<td>10 Aug 2009</td>
<td>Registered</td>
<td>32, 33</td>
<td>Nice-Vend Ltd</td>
</tr>
<tr>
<td>2</td>
<td>008130684</td>
<td>visual representation</td>
<td></td>
<td>14 Nov 2009</td>
<td>Registered</td>
<td>32, 33</td>
<td>Nice-Vend Ltd</td>
</tr>
</tbody>
</table>

#### United States Trademarks

<table>
<thead>
<tr>
<th>No.</th>
<th>Number</th>
<th>Visual representation</th>
<th>Words</th>
<th>Registration Date</th>
<th>Status</th>
<th>Goods &amp; Services classes</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3773143</td>
<td>N/A</td>
<td>EL VIENTO</td>
<td>6 Apr 2010</td>
<td>Registered/Protected</td>
<td>45, 46, 48</td>
<td>Nice-Vend Ltd</td>
</tr>
<tr>
<td>23</td>
<td>85051507</td>
<td>N/A</td>
<td>QUINZEE</td>
<td>5 Jul 2011</td>
<td>Registered/Protected</td>
<td>21, 23, 26, 36, 38</td>
<td>Nice-Vend Ltd</td>
</tr>
</tbody>
</table>
SECTION 4

FINANCIAL INFORMATION

SECTION A-A
4.1 INTRODUCTION

The financial information set out in this Section 4 contains the following consolidated financial information in relation to Nice-Vend prepared by the directors:

a) summary historical consolidated statement of comprehensive loss for the years ended 31 December 2015 (FY2015), 31 December 2016 (FY2016) and 31 December 2017 (FY2017);

b) summary historical consolidated statements of cash flows for FY2015, FY2016 and FY2017; and

c) historical and pro forma consolidated statement of financial position as at 31 December 2017 and the associated details of the pro forma adjustments,

(together, the Historical Financial Information).

The Historical Financial Information (other than the pro forma adjustments to the historical statement of financial position as at 31 December 2017 and the results of those adjustments) has been derived from Nice-Vend’s audited consolidated financial statements for FY2015, FY2016 and FY2017. The audited consolidated financial statements are presented in United States dollars and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The audited consolidated financial statements for FY2015, FY2016 and FY2017 were audited in accordance with international auditing standards by Fahn Kanne & Co. Grant Thornton in Israel. The audit opinion issued to the Directors was unqualified but included an emphasis of matter regarding the existence of a material uncertainty which may cast significant doubt about the ability to continue as a going concern. The Historical Financial Information has been prepared assuming the Company will continue as a going concern, which contemplates the realisation of assets and satisfaction of liabilities in the normal course of business for the foreseeable future. The Company’s ability to achieve profitability is dependent on its ability to effectively market and sell its quinze Machines as well as gain traction in the United States and international markets. As such, the Company is dependent on the Public Offer (together with its cash reserves at the date of this Prospectus amounting to approximately US$0.14 million) to support operations until sufficient market share can be obtained. The Company intends to raise sufficient capital to finance its operations and business objectives as set out in this Prospectus (see Section 7.1.2 for further details.).

The Historical Financial Information has been reviewed by Grant Thornton Corporate Finance Pty Ltd, whose Independent Limited Assurance Report is contained in Section 8. The Directors are however responsible for the inclusion of all financial information in this Prospectus.

All amounts disclosed in this Section are rounded to the nearest US$1,000. As with the rest of this Prospectus, this Section 4 assumes an indicative foreign exchange rate of $1.00 = US$ 0.74, being the prevailing exchange rate prior to the Offers.

The Historical Financial Information should be read together with the other information contained in this Prospectus, including:

a) management’s discussion and analysis set out in Section 4.3;

b) the risk factors described in Section 5;

c) the description of the use of the proceeds of the Offers described in Section 7;

d) the Independent Limited Assurance Report, set out in Section 8; and

e) the indicative capital structure described in the Key Offer Details section of the Prospectus.

Investors should note that past performance is not an indication of future performance.

4.2 NON IFRS FINANCIAL MEASURES

The Historical Financial Information contained in this Prospectus has been prepared in accordance with IFRS. Investors should also be aware that certain financial data included in Section 4 is “non IFRS financial information”. The Company believes that this non IFRS financial information provides useful information to users in measuring the financial performance and conditions of Nice-Vend. As non IFRS measures are not defined by recognised standard setting bodies, they do not have a prescribed meaning. Therefore, the way in which the Company calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non IFRS financial information and ratios.

In particular the following non IFRS financial data is included:

- EBITDA which means earnings before interest, taxation depreciation and amortisation;
- EBIT which means earnings before interest and taxation;
- NLBT which means the net loss before tax;
- NLAT which means the net loss after tax;
- Number of machines sold which means the number of quinze Machines sold by Nice-Vend in a given financial year; and
- Number of machines operated which means the average number of vending machines operated by Elviento in a given financial year.
4 FINANCIAL INFORMATION

4.3 HISTORICAL CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

The table below presents the summary historical consolidated statement of comprehensive loss for FY2015, FY2016 and FY2017.

<table>
<thead>
<tr>
<th>US $’000s</th>
<th>Audited Year ended 31 Dec 2015</th>
<th>Audited Year ended 31 Dec 2016</th>
<th>Audited Year ended 31 Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>747</td>
<td>1,205</td>
<td>1,645</td>
</tr>
<tr>
<td>Cost of sales and direct costs</td>
<td>(1,368)</td>
<td>(1,769)</td>
<td>(1,658)</td>
</tr>
<tr>
<td>Gross profit / (loss)</td>
<td>(621)</td>
<td>(564)</td>
<td>(13)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,076)</td>
<td>(942)</td>
<td>(1,146)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(1,697)</td>
<td>(1,506)</td>
<td>(1,159)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(49)</td>
<td>(105)</td>
<td>(82)</td>
</tr>
<tr>
<td>EBIT</td>
<td>(1,746)</td>
<td>(1,611)</td>
<td>(1,241)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(39)</td>
<td>(124)</td>
<td>(78)</td>
</tr>
<tr>
<td>FX differences</td>
<td>(1)</td>
<td>2</td>
<td>17</td>
</tr>
<tr>
<td>NLBT</td>
<td>(1,786)</td>
<td>(1,733)</td>
<td>(1,302)</td>
</tr>
<tr>
<td>Income tax benefit/(expense)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>NLAT</td>
<td>(1,786)</td>
<td>(1,733)</td>
<td>(1,302)</td>
</tr>
</tbody>
</table>

4.3.1 General factors affecting the operating results of Nice-Vend

Below is a discussion of the main factors which affected Nice-Vend’s operations and relative financial performance in FY2015, FY2016, and FY2017, which Nice-Vend expects may continue to affect it in the future. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected Nice-Vend’s historical operating and financial performance, nor everything which may affect Nice-Vend’s operations and financial performance in the future.

4.3.2 Revenue

Nice-Vend generated revenue in FY2015, FY2016 and FY2017 from the following sources:

<table>
<thead>
<tr>
<th>US$’000</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of consumables from vending machines (including quinzee Machines)</td>
<td>318</td>
<td>942</td>
<td>1,192</td>
</tr>
<tr>
<td>Sale of quinzee Machines</td>
<td>429</td>
<td>263</td>
<td>453</td>
</tr>
<tr>
<td>Total revenue</td>
<td>747</td>
<td>1,205</td>
<td>1,645</td>
</tr>
</tbody>
</table>

The Company advises:

Operation of vending machines and sale of consumables

The Nice-Vend Group through its subsidiary, Elviento, operates both quinzee Machines and other non-quinzee vending machines. During FY2016 Nice-Vend successfully tendered for two Israeli Defence Forces contracts, in relation to servicing and maintaining all vending machines kept on a military base in southern Israel and canteens at Israeli military bases. The contracts are for five years (to 2022) and the Company has an option to extend this contract for a further five years (i.e. 2027). The average number of machines operated through these contracts has increased from 20 in FY2015 to 93 in FY2017.

Sales of quinzee Machines

In FY2015 Nice-Vend adopted a pricing strategy in order to gain market penetration for the quinzee Machine which has been subsequently revised resulting in the number of machines sold declining from 88 in FY2015 to 47 in FY2017. Whilst Nice-Vend has been testing and optimising the quinzee Machine, resources have consequently been devoted to servicing the Elviento business (as noted above).
### Revenue by segment

Below is the revenue by geographic segment from FY2015 to FY2017.

<table>
<thead>
<tr>
<th>US $’000s</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israel</td>
<td>421</td>
<td>942</td>
<td>1,192</td>
</tr>
<tr>
<td>Australia</td>
<td>10</td>
<td>22</td>
<td>241</td>
</tr>
<tr>
<td>United States</td>
<td>274</td>
<td>240</td>
<td>203</td>
</tr>
<tr>
<td>Europe</td>
<td>38</td>
<td>–</td>
<td>9</td>
</tr>
<tr>
<td>Africa</td>
<td>4</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>747</strong></td>
<td><strong>1,205</strong></td>
<td><strong>1,645</strong></td>
</tr>
</tbody>
</table>

The majority of revenue is recognised in Israel given the prevalence of Elviento on historical operations.

#### 4.3.3 Cost of sales and direct costs

Cost of sales includes the costs incurred in manufacturing the quinzee Machine and ingredients in addition to the labour costs of servicing the operated vending machines. The increase in the number of Elviento sales has caused the purchasing of food and beverages to increase which has been offset by the decline in manufacturing costs of the quinzee Machine following the decline in machines sold. During FY2017 management have continued to use different procurement channels to negotiate cheaper sources of ingredients and products which has assisted in reducing the overall input costs for both the quinzee Machines and non-quinzee vending machine sales.

#### 4.3.4 Gross profit / (loss)

The gross loss for the Nice-Vend Group has improved historically as the revenue profile has changed, Nice-Vend has not yet achieved critical mass in terms of sales of quinzee Machines and the costs associated with the manufacture and selling of those machines.

#### 4.3.5 Operating expenses

<table>
<thead>
<tr>
<th>US $’000s</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee wages and expenses</td>
<td>401</td>
<td>370</td>
<td>538</td>
</tr>
<tr>
<td>Marketing expenses</td>
<td>174</td>
<td>99</td>
<td>169</td>
</tr>
<tr>
<td>Rent and outgoings</td>
<td>97</td>
<td>87</td>
<td>126</td>
</tr>
<tr>
<td>Professional fees</td>
<td>153</td>
<td>159</td>
<td>87</td>
</tr>
<tr>
<td>Maintenance expenses</td>
<td>97</td>
<td>135</td>
<td>137</td>
</tr>
<tr>
<td>Other overheads</td>
<td>154</td>
<td>92</td>
<td>89</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>1,076</strong></td>
<td><strong>942</strong></td>
<td><strong>1,146</strong></td>
</tr>
</tbody>
</table>

The most significant components of operating expenses are indirect employee expenses, professional fees, marketing and rent. The operating cost base has grown between FY2015 and FY2017 mainly in relation employee expenses.
4 FINANCIAL INFORMATION

4.4 HISTORICAL CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below presents the summary historical consolidated statements of cash flows for FY2015, FY2016 and FY2017.

<table>
<thead>
<tr>
<th>US $’000s</th>
<th>Audited Year ended 31 Dec 2015</th>
<th>Audited Year ended 31 Dec 2016</th>
<th>Audited Year ended 31 Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>(1,697)</td>
<td>(1,506)</td>
<td>(1,159)</td>
</tr>
<tr>
<td>Increase)/(decrease) in working capital</td>
<td>(63)</td>
<td>341</td>
<td>(436)</td>
</tr>
<tr>
<td>Non cash movements</td>
<td>(1)</td>
<td>–</td>
<td>37</td>
</tr>
<tr>
<td><strong>Net cash outflow from operating activities</strong></td>
<td>(1,761)</td>
<td>(1,165)</td>
<td>(1,558)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for the purchase of property and equipment</td>
<td>(123)</td>
<td>(132)</td>
<td>(30)</td>
</tr>
<tr>
<td>Payments for patent costs</td>
<td>5</td>
<td>14</td>
<td>–</td>
</tr>
<tr>
<td>Movement in bank deposits under lien</td>
<td>(22)</td>
<td>(4)</td>
<td>(192)</td>
</tr>
<tr>
<td><strong>Net cash outflow from investing activities</strong></td>
<td>(140)</td>
<td>(122)</td>
<td>(222)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds/repayments from short term borrowings</td>
<td>81</td>
<td>39</td>
<td>96</td>
</tr>
<tr>
<td>Proceeds/repayments from shareholder loans</td>
<td>52</td>
<td>28</td>
<td>(28)</td>
</tr>
<tr>
<td>Proceeds from shareholder convertible loans</td>
<td>–</td>
<td>921</td>
<td>69</td>
</tr>
<tr>
<td>Proceeds allocated to embedded conversion option</td>
<td>–</td>
<td>55</td>
<td>–</td>
</tr>
<tr>
<td>Net proceeds from issuing ordinary shares</td>
<td>2,076</td>
<td>–</td>
<td>1,754</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(40)</td>
<td>(89)</td>
<td>(71)</td>
</tr>
<tr>
<td><strong>Net cash inflow/ (outflow) from financing activities</strong></td>
<td>2,169</td>
<td>954</td>
<td>1,820</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>268</td>
<td>(333)</td>
<td>40</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>107</td>
<td>375</td>
<td>42</td>
</tr>
<tr>
<td>FX differences</td>
<td>–</td>
<td>–</td>
<td>3</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td>375</td>
<td>42</td>
<td>85</td>
</tr>
</tbody>
</table>

4.4.1 Operating cash flows

Despite a reduced EBITDA loss, the investment in working capital has impacted operating cash flows as more consumables have been required as the operating of vending machines has increased.

4.4.2 Investing cash flows

Investing cash flows is largely comprised of payments made for the purchase vending machines from third party suppliers for Elviento to operate.

4.4.3 Financing cash flows

Convertible notes, borrowings from shareholders and the issue of shares to external investors have financed operations between FY2015 and FY2017.
## 4.5 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets out the audited historical consolidated statement of financial position as at 31 December 2017, the pro forma adjustments that have been made to the audited consolidated statement of financial position (further described in Section 4.5.1) and the pro forma consolidated statement of financial position as at 31 December 2017. The pro forma consolidated statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of Nice-Vend's view of its future financial position and includes a convenience translation to Australian Dollars at the exchange rate of US$0.74.

<table>
<thead>
<tr>
<th>As at 31 December 2017</th>
<th>Ref</th>
<th>Audited US $'000</th>
<th>Pro forma Minimum subscription US $'000</th>
<th>Pro forma Minimum subscription A $'000</th>
<th>Pro forma Maximum subscription US $'000</th>
<th>Pro forma Maximum subscription A $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>85</td>
<td>3,907</td>
<td>5,280</td>
<td>5,645</td>
<td>7,628</td>
<td></td>
</tr>
<tr>
<td>Bank deposits under lien</td>
<td>227</td>
<td>50</td>
<td>68</td>
<td>50</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>106</td>
<td>106</td>
<td>143</td>
<td>106</td>
<td>143</td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>496</td>
<td>496</td>
<td>670</td>
<td>496</td>
<td>670</td>
<td></td>
</tr>
<tr>
<td>Other current assets</td>
<td>486</td>
<td>240</td>
<td>325</td>
<td>240</td>
<td>325</td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>1,400</td>
<td>4,799</td>
<td>6,486</td>
<td>6,537</td>
<td>8,834</td>
<td></td>
</tr>
<tr>
<td><strong>Non current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>272</td>
<td>472</td>
<td>638</td>
<td>472</td>
<td>638</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>242</td>
<td>242</td>
<td>327</td>
<td>242</td>
<td>327</td>
<td></td>
</tr>
<tr>
<td><strong>Total non current assets</strong></td>
<td>514</td>
<td>714</td>
<td>965</td>
<td>714</td>
<td>965</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,914</td>
<td>5,513</td>
<td>7,451</td>
<td>7,251</td>
<td>9,799</td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>37</td>
<td>304</td>
<td>411</td>
<td>304</td>
<td>411</td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>287</td>
<td>287</td>
<td>387</td>
<td>287</td>
<td>387</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>633</td>
<td>387</td>
<td>523</td>
<td>387</td>
<td>523</td>
<td></td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>957</td>
<td>978</td>
<td>1,321</td>
<td>978</td>
<td>1,321</td>
<td></td>
</tr>
<tr>
<td><strong>Non current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term borrowings</td>
<td>189</td>
<td>257</td>
<td>347</td>
<td>257</td>
<td>347</td>
<td></td>
</tr>
<tr>
<td>Incentive from supplier</td>
<td>50</td>
<td>50</td>
<td>67</td>
<td>50</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td><strong>Total non current liabilities</strong></td>
<td>239</td>
<td>307</td>
<td>414</td>
<td>307</td>
<td>414</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,196</td>
<td>1,285</td>
<td>1,735</td>
<td>1,285</td>
<td>1,735</td>
<td></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>718</td>
<td>4,228</td>
<td>5,716</td>
<td>5,966</td>
<td>8,064</td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued capital</td>
<td>12,434</td>
<td>16,550</td>
<td>22,365</td>
<td>18,169</td>
<td>24,553</td>
<td></td>
</tr>
<tr>
<td>Other components of equity</td>
<td>327</td>
<td>418</td>
<td>563</td>
<td>481</td>
<td>651</td>
<td></td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(12,043)</td>
<td>(12,740)</td>
<td>(17,212)</td>
<td>(12,684)</td>
<td>(17,140)</td>
<td></td>
</tr>
<tr>
<td><strong>Total stockholder equity</strong></td>
<td>718</td>
<td>4,228</td>
<td>5,716</td>
<td>5,966</td>
<td>8,064</td>
<td></td>
</tr>
</tbody>
</table>
4.5.1 Description of pro forma adjustments

The following transactions and events had not occurred prior to 31 December 2017, but have taken place or will take place on or before the Allotment Date. The pro forma financial information in this Section assumes that they occur on or before 31 December 2017:

i) The exercising of 9,800 options held by two shareholders that have converted to 4,646 shares on 25 January 2018, which shares were subsequently split into 212,090 shares.

ii) US$0.25 million loan provided to the company from existing shareholders on 5 February 2018. A further US$0.25 million loan was provided to the company on 15 June 2018. The second loan was provided to the company for the purpose of purchasing frozen beverage auger machines which have been ordered, paid for and received ($0.2 million). The remainder of the remaining loans are for working capital purposes.

iii) A pre-IPO investment from a strategic investor for US$0.5 million by way of a convertible instrument.

iv) A loan from received from a supplier of Elviento for US$85,000 received in April 2018. The amount will be repaid in quarterly instalments of US$4,000 (see Section 9.3.17 for further details).

v) Conversion of US$500,000 investment by a strategic investor Safian Bosmat by means of a convertible instrument which will convert to ordinary shares prior to completion of the Offers.

In addition, the following transactions and events have taken place or will take place on or before the Allotment Date.

vi) the completion of the Offer, raising the minimum subscription of $5 million (or approximately US$3.7 million) and involving the issue of 25,000,000 ordinary shares (Minimum Offer);

vii) expenses associated with the Minimum Offer (including advisory, legal, accounting and administrative fees as well as printing, advertising and other expenses). $0.1 million will be charged against share capital with $0.7 million expensed. Cash costs of the Offers will be $0.7 million ($0.2 million of which is classified as bank deposits) with $0.1 million being compensated through the issue of options. $0.4 million of Offer costs will be paid through the issue of Shares and $0.2 million of Offer costs are accrued for and unpaid as at 31 December 2017;

viii) the completion of the Offers, raising the maximum subscription of $7.5 million (or approximately US$5.6 million) and involving the issue of 37,500,000 ordinary shares (Maximum Offer);

ix) The payment of additional costs of the Offers of $0.1 million with a total of $0.4 million being capitalised into share capital and $0.6 million expensed. The value of the options granted will be $0.2 million; and

x) repayment of the first shareholder loan as well as accrued interest totalling an estimated $0.3 million from the proceeds of the Offers.

Calculation of pro forma cash position

The pro forma cash and cash equivalents shown in Section 4.5 are based on the following adjustments:

<table>
<thead>
<tr>
<th>Cash and cash equivalents at 31 December 2017</th>
<th>Minimum subscription pro forma</th>
<th>Maximum subscription pro forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro forma adjustments ¹</td>
<td>US$’000</td>
<td>US$’000</td>
</tr>
<tr>
<td>Loan from existing shareholders</td>
<td>(ii)</td>
<td>300</td>
</tr>
<tr>
<td>Pre-IPO investment</td>
<td>(iii)</td>
<td>500</td>
</tr>
<tr>
<td>Supplier loan received</td>
<td>(iv)</td>
<td>85</td>
</tr>
<tr>
<td>Public Offer</td>
<td>(vi)/(viii)</td>
<td>3,700</td>
</tr>
<tr>
<td>Costs of the Offer</td>
<td>(vii)/(ix)</td>
<td>(498)</td>
</tr>
<tr>
<td>Repayment of shareholder loan (including accrued interest)</td>
<td>(x)</td>
<td>(265)</td>
</tr>
<tr>
<td>Pro forma cash and cash equivalents</td>
<td></td>
<td>3,907</td>
</tr>
</tbody>
</table>

¹. References to adjustments correspond to the paragraph numbering in Section 4.5.1.
4.5.2 Pro forma capital structure summary

The pro forma capital structure shown below is based on the following adjustments:

<table>
<thead>
<tr>
<th>Pro forma adjustments 1</th>
<th>No. of shares</th>
<th>Issued capital</th>
<th>Other components of equity</th>
<th>Accumulated deficit</th>
<th>Net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity at 31 December 2017</td>
<td>68,349,143 2</td>
<td>12,434</td>
<td>327</td>
<td>(12,043)</td>
<td>718</td>
</tr>
<tr>
<td><strong>Subsequent transactions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conversion of options (i)</td>
<td>212,090</td>
<td>37</td>
<td>(37)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conversion of convertible instrument (v)</td>
<td>3,753,754</td>
<td>500</td>
<td>-</td>
<td>-</td>
<td>500</td>
</tr>
<tr>
<td>Pre Offer capital structure</td>
<td>72,314,987</td>
<td>12,971</td>
<td>290</td>
<td>(12,043)</td>
<td>1,218</td>
</tr>
<tr>
<td><strong>Pro forma transactions in relation to the minimum subscription</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Offer (vi)</td>
<td>25,000,000</td>
<td>3,700</td>
<td>-</td>
<td>-</td>
<td>3,700</td>
</tr>
<tr>
<td>Costs of the Offers (vii)</td>
<td>2,702,703</td>
<td>(121)</td>
<td>128</td>
<td>(682)</td>
<td>(675)</td>
</tr>
<tr>
<td>Interest on shareholder loans repaid (x)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(15)</td>
<td>(15)</td>
</tr>
<tr>
<td>Total</td>
<td>100,017,690</td>
<td>16,550</td>
<td>418</td>
<td>(12,740)</td>
<td>4,228</td>
</tr>
<tr>
<td><strong>Incremental pro forma transactions in relation to the maximum subscription</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Offer (viii)</td>
<td>12,500,000</td>
<td>1,850</td>
<td>-</td>
<td>-</td>
<td>1,850</td>
</tr>
<tr>
<td>Costs of the offers (ix)</td>
<td>-</td>
<td>(231)</td>
<td>63</td>
<td>56</td>
<td>(112)</td>
</tr>
<tr>
<td>Total</td>
<td>112,517,690</td>
<td>18,169</td>
<td>481</td>
<td>(12,684)</td>
<td>5,966</td>
</tr>
</tbody>
</table>

1. References to adjustments correspond to the paragraph numbering in Section 4.5.1.
2. The audited financial statements disclosed the number of shares based on a share split of 1:80. Subsequently the share split was amended to 1:45.65.

4.5.3 Indebtedness as at 31 December 2017 after Completion of the Offers

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017 Audited 1</th>
<th>After completion of the Minimum Subscription</th>
<th>After completion of the Maximum Subscription</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>85</td>
<td>3,907</td>
<td>5,645</td>
</tr>
<tr>
<td>Current borrowings</td>
<td>(37)</td>
<td>(304)</td>
<td>(304)</td>
</tr>
<tr>
<td>Long term borrowings</td>
<td>(189)</td>
<td>(257)</td>
<td>(257)</td>
</tr>
<tr>
<td><strong>Total net cash/(indebtedness)</strong></td>
<td>(141)</td>
<td><strong>3,346</strong></td>
<td><strong>5,084</strong></td>
</tr>
</tbody>
</table>

Included in current and long term borrowings are funds received from shareholders and suppliers. A supplier loan of $0.3 million was granted in November 2017, with $0.2 million outstanding as at 31 December 2017 being repaid back in quarterly instalments of $14,000 per quarter (see Section 9.3.16 for further details). A further supplier loan received post balance sheet date of $85,000 is being repaid in quarterly instalments of $4,000 (see Section 9.3.17 for further details). Both supplier loans have been provided interest free.
4.6 NEW ACCOUNTING STANDARDS

**IFRS 16 Leases**

IFRS 16 is effective for reporting periods beginning on or after 1 January 2019. The full impacts of IFRS 16 on the Company has not yet been assessed and it is expected that the Company will adopt IFRS 16 for the year ended 31 December 2019. In applying the new standard for the first time, IFRS 16 provides a number of transition options, which may involve an adjustment to opening retained earnings at 1 January 2019 or the restatement of comparatives. The full impacts of the transition provisions have not yet been fully assessed by the Company. If IFRS 16 was operative at 31 December 2017 the impact on the statement of financial position would be to recognise an asset and a corresponding liability for the amounts outstanding on all property leases amounting to US$100,000. The impact on the statement of comprehensive loss in FY2015, FY2016 and FY2017 would be to reduce property expenses and increase depreciation and finance costs.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 is effective for reporting periods beginning on or after 1 January 2018. Management intends to adopt the Standard retrospectively, recognising the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings on the initial date of application. Under this method, IFRS 15 will only be applied to contracts that are incomplete as at 1 January 2018.

The Company has adopted IFRS 15 as of 1 January 2018. Management has assessed the potential effect of applying the requirements of IFRS 15 on the Company’s revenue streams and selling contracts and on its financial reporting and disclosures. Based on such assessment it is expected that adoption of IFRS 15 will not have significant impact on the consolidated financial statements.
SECTION 5

RISK FACTORS
5 RISK FACTORS

5.1 INTRODUCTION
This Section describes some of the potential material risks associated with the Company’s business (including that of its subsidiaries) and the industry in which it operates and risks associated with an investment in Shares. The Company is subject to a number of risks, both specific to its business activities and of a general nature. These risks may either individually or in combination materially adversely impact the future operating and financial performance of the Company, the investment returns and the value of Shares.

The occurrence or consequences of some of the risks described here are partially or completely outside of the control of the Company, its Directors and management team. Investors should note that this Section 5 does not purport to list every risk that may be associated with the Company’s 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 achieve its stated objectives, or that any forward-looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance may not be a reliable indicator of future performance.

Before applying for Shares, investors should satisfy themselves that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment for them, having regard to their investment objectives, financial circumstances and taxation position. Investors should seek advice from their stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Company.

5.2 RISKS SPECIFIC TO AN INVESTMENT IN NICE-VEND

5.2.1 Reliance on Key Personnel
The Company’s research and development and its operational success will substantially depend on the continued employment of senior executives, technical staff and other key personnel. While the Company considers that the impact of turnover of manufacturing personnel is mitigated by having a streamlined and easily communicable assembly process, the loss of key management personnel may have a detrimental impact on the Company.

5.2.2 Manufacturing Risk
The Company currently manufactures the quinzee Machines in its own workshop in Israel.

While the Company is confident that it will either be able to continue manufacturing the machines internally or source alternative contract manufacturers to manufacture the quinzee Machines if required, the Company’s internal manufacturing capacity may be insufficient to meet any significant increase in demand, and there is no guarantee that external manufacturers can be sourced in a timely manner. Any delay in production may adversely impact the Company’s financial performance and operating results.

If the Company experiences problems at its production facilities or is unable to maintain adequate manufacturing capacity, it may be unable to supply and deliver the quinzee Machines in a timely manner or deliver quinzee Machines which are of sufficient quality. Any increase in manufacturing costs may adversely affect the financial performance of the Company.

The Company also relies on third parties to supply powders and syrups (FLAKES™) and other inputs used in the quinzee Machines, such as straws and cups. The Company considers that these powders and syrups could be obtained from other suppliers if required (with minimal disruption to the business). Similarly, other inputs (such as cups and straws) are commonly available and can be purchased from a large variety of suppliers. Nevertheless, if a supplier elects to cease supplying its products to the Company, this may cause a temporary disruption to the continued operations of the quinzee Machines or result in increased input costs.

5.2.3 Uncertainty of future earnings
The Company’s business operations are still relatively early-stage and its future prospects and capacity to earn revenue are uncertain, namely due to the reasons set out below.

While the Company is currently collaborating with counterparties, such as Weider and Wissotzky, to trial ‘white-labelled’ quinzee Machines, there is no guarantee that such trials will be successful, or that these counterparties will proceed with collaborations following expiry of the trial period.

Likewise, while a prototype version of the countertop quinzee Machine has been developed, the countertop model is an innovation which has not been fully proven. There is an inherent risk that commercial development will not progress as planned, may encounter delays or will not have the desired uptake/acceptance in the target market.

Further, although Elviento is currently generating revenue through the placement of vending machines and quinzee Machines at high foot traffic locations, there is no guarantee that its contracts to operate in these locations will be renewed on favourable terms (or at all) on expiry.

5.2.4 Consumer Preferences
The Company’s business is dependent upon consumer awareness and market acceptance of its products. The Company may not be able to anticipate and react to trends within the consumer beverage market in a timely manner or accurately assess the impact that such trends may have on consumer preferences. Failure to respond to changes in consumer preferences or anticipate market trends may adversely affect the Company future revenues and performance. Although the Company strives to establish market recognition for its products in the beverage industry, it is too early in the life cycle of the Company’s brand to determine whether the quinzee Machine and any further products developed by the Company will achieve and maintain satisfactory levels of acceptance and sustained take-up by independent distributors and retail consumers.
5 RISK FACTORS

5.2.5 Health Risks
As with any food products, there is a risk that the frozen beverages created by the quinzee Machines may become contaminated or that the ingredients for such beverages may be spoiled, contaminated by chemicals, microorganisms or toxins, or include foreign materials or substances. Illness or injury to consumers may also result from tampering from unauthorised third parties. Microbiological growth may also occur if the quinzee Machine temperature is not controlled below specified limits. The risk of contamination may lead to product recalls or other interventions, which may cause serious damage to the Company’s reputation, product liability claims and loss of revenue. The quinzee Machines must comply with health and safety laws in a wide range of jurisdictions, and failure to comply with such laws may lead to penalties and other liabilities being imposed on the Company. In such circumstances, the Company may be required to suspend production or cease operations, which may lead to a materially adverse effect on the Company’s financial performance and profitability.

5.2.6 Increasing Competition
There are many competitors that operate in the frozen beverage industry, but the Board considers that there are no competitors with the ability to prepare frozen beverages automatically and on-demand, in a stand-alone vending machine. However, if new or existing competitors enter the segment, or established food and beverage companies develop new products and technologies that are superior to the Company’s quinzee Machine technology, the Company’s ability to successfully exploit the quinzee Machine product may be affected. The Company may be unable to develop further products or keep pace with developments in its market space, and may lose market share to competitors. If the Company’s competitors develop a more efficient business model or undertake a more aggressive marketing campaign, this is likely to adversely affect the Company’s marketing strategies and results of operations.

There is no guarantee that consumers will take up the Company’s products and the Company may be unable to compete successfully with more established food and beverage companies on price or quality, or may be unsuited to the established preferences of potential consumers.

Generally, the beverage industry in which the Company operates is subject to global and domestic competition. The Company is unable to influence or control the conduct of its competitors and such conduct may detrimentally affect the Company’s financial and operating performance.

5.2.7 Intellectual Property Rights
The Company holds the Patents, which constitute a primary asset of the Company. The ability of the Company to licence the quinzee Machine technology or to attract commercial partners or distributors is largely dependent on the Company protecting its rights to exploit the inventions and methods described in the Patents. Whilst the Company is not aware of the quinzee Machine technology infringing any third party’s patents, it has not undertaken an exhaustive assessment of existing patents to determine any overlapping technology or potential infringement, as the costs of such would be prohibitive. Accordingly, there is a risk that a third party may claim that the quinzee Machine technology (including as set out in the Patents) infringes that third party’s patent.

Any event that would jeopardise the Company’s proprietary rights or any claims of infringement by third parties could have an adverse effect on the Company’s ability to market or exploit the quinzee Machine technology.

There is no guarantee that the Patents will provide adequate protection for the Company’s intellectual property, or that third parties will not infringe or misappropriate the Patents or similar proprietary rights. In addition, there can be no assurance that the Company will not have to pursue litigation against other parties to assert its rights.

For more information about intellectual property assets and rights held by the Company, please refer to Section 3.9 of this Prospectus.

5.2.8 Failure to comply with laws, regulations and standards
Any changes to the existing regulatory framework or the imposition of new legislation or regulations applicable to the food/beverage industry in which Nice-Vend operates or with respect to electrical equipment may adversely affect the financial and operating performance of Nice-Vend. This risk factor applies to government policy and legislative changes in Australia and Israel, as well as the other countries in which the Company operates.

5.2.9 Risk associated with incorporation in Israel
The Israeli laws relating to directors’ fiduciary responsibilities and the protection of minority shareholder interests differ from Australian laws. For a detailed description of the differences between Israeli and Australian laws in this regard, please see Section 7.14.

As the Company is incorporated in Israel, certain provisions of the Corporations Act will not apply to the Company. In particular, the provisions of the Corporations Act applying to related party transactions, substantial holdings, takeovers, financial assistance and voting on remuneration reports will not apply to offers for the Shares. There is therefore a risk that Israeli law may not offer Shareholders a similar level of protection than the Corporations Act.
Any claim against the Company for a breach of its Articles of Association would also have to be brought in Israel. As such a claim would be contractual, it may not have the same enforceability as a claim under the Corporations Act. There may also be difficulties in enforcing foreign judgment and arbitral awards.

Specific risks associated with incorporation in Israel include:

5.2.9.1 The headquarters of the Company are located in Israel

The headquarters and research and development facilities of the Company are located in Hod Hasharon, Israel. In addition, the majority of key employees, officers and Directors of the Company are residents of Israel.

Political, economic and military conditions in Israel may directly affect the business of the Company. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. Any hostilities involving Israel, terrorist activities, political instability or violence in the region or the interruption or curtailment of trade or transport between Israel and its trading partners could adversely affect operations and results of operations and adversely affect the market price of the Company’s Shares.

The commercial insurance of the Company does not cover losses that may occur as a result of an event associated with the security situation in the Middle East, and there is no assurance that government compensation will be sufficient to fully compensate the Company for damages incurred. Any losses or damages incurred could have a material adverse effect on the business, financial condition and results of operations. Further, operations could be disrupted by the obligations of certain employees to perform reserve duties for the Israeli Defence Forces during the year.

5.2.9.2 Provisions of Israeli law and the Articles of Association of the Company may impede a merger with, or an acquisition of, the Company

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving Directors, officers or significant shareholders and regulates other matters that may be relevant to such types of transactions.

An offer for all of a company’s shares can only be completed if shareholders not accepting the offer hold less than 5% of the company’s issued share capital. Completion of the offer requires approval of a majority of the offerees that do not have a personal interest in the offer, unless shareholders not accepting the offer hold less than 2% of the company’s outstanding shares.

Shareholders (including those who indicated their acceptance of the offer) may at any time within six months following the completion of the offer, petition an Israeli court to alter the consideration for the acquisition, unless the acquirer stipulated in its offer that a shareholder that accepts the offer may not seek such appraisal rights.

Israeli tax considerations may make potential transactions unappealing to the Company or to shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of a number of conditions, including, in some cases, a holding period of two years from the date of the transaction during which disposals of shares of the merging companies are subject to restrictions. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred.

These provisions could delay, prevent or impede an acquisition of the Company or its merger with another company, even if such an acquisition or merger would be beneficial to the Company or to Shareholders.

5.2.9.3 Difficulty in enforcing a judgment of an Australian court against the Company

The Company is incorporated in Israel. The majority of the Directors and executive officers listed in this prospectus reside outside of Australia, and most of Company’s assets and the assets of these persons are located outside of Australia. Therefore, a judgment obtained against the Company, or any of these persons, including a judgment based on the civil liability provisions of Australian securities laws, may not be collectible in Australia and may not be enforced by an Israeli court. It may also be difficult to effect service of process on these persons in Australia or to assert Australian securities law claims in actions instituted in Israel.

Israeli courts may refuse to hear a claim based on an alleged violation of Australian securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law, and not Australian law is applicable to the claim. If Australian law is found to be applicable the content of applicable Australian law must be proven as a fact by expert witnesses, which can be a time consuming and costly process.

Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above.

In accordance with the Israeli Law on Enforcement of Foreign Judgments, 5718-1958, Israeli courts may enforce an Australian judgment in a civil matter, including a judgment based upon the civil liability provisions of Australian securities laws only if they find, among other things, that:

- the judgment was rendered by a court which was, according to the laws of the state of the court, competent to render the judgment;
- the judgment may no longer be appealed;
- the obligation imposed by the judgment is enforceable according to the rules relating to the enforceability of judgments in Israel and the judgment is not contrary to public policy; and
- the judgment is executory in the state in which it was given.
The Company has irrevocably appointed Holding Redlich as its agent to receive service of process in any action against the Company in any Australian federal or state court arising out of the Offers or any purchase or sale of securities in connection with the Offers.

As a result of the difficulty associated with enforcing a judgment against the Company in Israel, claimants may not be able to collect any damages awarded by either an Australian or foreign court.

5.2.9.4 Shareholders’ rights and responsibilities will be governed by Israeli law
The rights and responsibilities of the Shareholders are governed by the Company’s Articles of Association and by Israeli law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in Australian companies.

In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders, and to refrain from abusing its power in the company.

In addition, a shareholder who is aware that it possesses the power to determine the outcome of a vote at a meeting of the shareholders or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company with regard to such vote or appointment.

There is limited case law available on these duties and these provisions may be interpreted to impose additional obligations and liabilities on holders of the Shares that are not typically imposed on shareholders of Australian companies.

The Company is offering Shares under the Offers. The rights and responsibilities of shareholders vary in some respects from those enjoyed by existing shareholders of the Company.

5.2.9.5 Risk of claims for remuneration or royalties by employees
The Company has invested and expect to continue to invest a significant amount of resources in the development of intellectual property by its employees in the course of their employment. Under the Israeli Patent Law, 5727-1967 (Patent Law), inventions conceived by an employee during the term and as part of the scope of his or her employment with a company are regarded as “service inventions”, which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights.

The Patent Law also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee (ICR Committee), a body constituted under the Patent Law, shall determine whether the employee is entitled to remuneration for his or her inventions.

Recent decisions by the ICR Committee have created uncertainty in this area, as it held that employees may be entitled to remuneration for their service inventions despite having specifically waived any such rights. Further, the ICR Committee has not yet determined the method for calculating this remuneration nor the criteria or circumstances under which an employee’s waiver of his or her right to remuneration will be disregarded.

The Company generally enters into assignment-of-invention agreements with its employees, pursuant to which such individuals assign to it all rights to any inventions created in the scope of their employment or engagement with the Company.

Although the Company’s employees have agreed to assign service invention rights to the Company, and have specifically waived their right to receive any special remuneration for such assignment beyond their regular salary and benefits, the Company may face claims demanding remuneration in consideration for assigned inventions. As a consequence of such claims, the Company could be required to pay additional remuneration or royalties to its current or former employees, or be forced to litigate such claims, which could negatively affect its business.

5.2.10 Exchange rate fluctuations
The United States dollar is the functional and reporting currency for the Company. However, a significant portion of operating expenses are incurred in NIS, which is the lawful currency of the State of Israel. As a result, the Company is exposed to the risks that the NIS may appreciate relative to the United States dollar, or, if the NIS instead devalues relative to the United States dollar, that the inflation rate in Israel may exceed such rate of devaluation of the NIS, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the United States dollar cost of the Company’s operations in Israel would increase and the Company’s United States dollar-denominated results of operations would be adversely affected. The Company cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the NIS against the United States dollar.

5.2.11 Political, sovereign and economic risks
As the Company mainly operates in Israel, as well as numerous other jurisdictions including Australia and the United States, it will be subject to those risks associated with operating in a foreign jurisdiction. Such risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, licencing, repatriation of income or return of capital, consumer health and safety or labour relations.

While Israel is relatively stable, there is no certainty that political and economic conditions will remain stable. Any deterioration in political or economic conditions, including hostilities or terrorist activity (as further detailed in Section 5.2.9 describing the risks associated with incorporation in Israel), may adversely affect the Company’s operations and profitability. There is a risk that the government of Israel may change its policies regarding foreign investment, which may have an adverse impact on the Company’s profitability.
5 RISK FACTORS

5.2.12 Foreign sales
As at the date of this Prospectus, the Company undertakes international sales of its products. The international sales undertaken by the Company will be subject to a number of risks inherent in selling and operating abroad, which could adversely affect its ability to increase or maintain foreign sales. These include, but are not limited to, risks regarding:
- currency exchange rate fluctuations;
- local and international economic and political conditions;
- disruptions of capital and trading markets;
- accounts receivable collection and longer payment cycles;
- difficulties in managing foreign distribution and operations;
- potential hostilities and changes in trade or diplomatic relationships;
- restrictive government actions (such as restrictions on the transfer or repatriation of funds and trade protection measures, including export duties and quotas and customs duties and tariffs);
- changes in legal or regulatory requirements;
- the laws and policies of Israel and other countries affecting trade, foreign investment and loans and import or export licencing requirements; and
- tax laws.
Changes in circumstances or market conditions resulting from those risks may restrict the Company’s ability to operate in an affected region and/or adversely affect the profitability of the Company’s operations in that region.

5.2.13 Tax residency of the Company
As an Israeli incorporated company, the Company is considered to be a non-resident for Australian income tax purposes. This is based on an ongoing assessment of where central control and management of the Company is located. There is a risk that the Company may be considered to be an Australian tax resident in future, resulting in taxing events that may adversely affect Company profit.

5.3 GENERAL RISKS OF AN INVESTMENT IN NICE-VEND

5.3.1 Price of Shares
Once the Company becomes a publicly listed company on the ASX, the Company 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 Share price that are not explained by the Company’s 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;
- general operational and business risks; and
- sale of a substantial number of Company’s securities.

5.3.2 Trading and liquidity in Shares
Following completion of the Offers, and assuming that the Minimum Subscription is raised, the Shareholders whose Shares are escrowed under the ASX Listing Rules will hold approximately 8.36% of the total Shares on issue, whilst Shareholders who will be subject to voluntary escrow in relation to their shareholding will hold approximately 28.59% of the total Shares on issue. These Shareholders’ escrow position may limit the liquidity of the market for the Shares during this escrow period.

Prior to the Offers, there has been no public market in the Shares. Once the Shares are quoted on the 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. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid for their Shares under the Offers.
5 RISK FACTORS

5.3.3 Shareholder dilution
Following the Offers, the Company will have sufficient working capital to fund its near term business operations but will need additional capital to fully commercialise the Company’s products. Additional capital may come in the form of licensing or partnering fees, or in the future, the Company may elect to engage in further capital raisings to fund operations, undertake other strategic initiatives, and facilitate employee share plans. 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 securities, which may ensue from the exercise of Options granted by the Company or further capital raisings.

5.3.4 Inability to pay dividends or make other distributions
The Company has never declared or paid cash dividends on its share capital, and there is no guarantee that dividends will be paid on Shares in the future. Any distribution is a matter to be determined by the Board in its discretion and the Board’s decision will have regard to, amongst other things, the financial performance and position of the Company, relative to its capital expenditure and other liabilities.

Moreover, to the extent that the Company pays any dividends, its ability to offer fully franked dividends is contingent on making taxable profits. The Company’s taxable profits may be volatile, making the payment of dividends unpredictable. 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.

As a result, capital appreciation, if any, of Company’s Shares may be the Company’s shareholders’ sole source of gain for the foreseeable future. In addition, Israeli law limits Company’s ability to declare and pay dividends and may subject its dividends to Israeli withholding taxes.

5.3.5 Nice-Vend may be subject to changes in tax law
Changes in Australian or Israel 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. In addition, an investment in the 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.

5.3.6 Use of funds
Although the Company currently intends to use the net proceeds from the Offers in the manner described in Section 7.1.2, the Company’s management will have broad discretion in the application of the balance of the net proceeds from the Offers and could spend the proceeds in ways that do not improve the Company’s results of operations or enhance the value of its Shares. The failure by Company’s management to apply these funds effectively could result in financial losses that could have a material adverse effect on Company’s business, cause the price of Company’s Shares to decline and delay the development of new products. Pending the use of Offer funds, the Company may invest the net proceeds from the Offers in a manner that does not produce income or that loses value.

5.3.7 Possibility of force majeure events
Events may occur within or outside Australia and Israel that could impact on the Australian and/or Israeli 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 the Company’s products and its ability to conduct business. While the Company seeks to maintain insurance in accordance with industry practice to insure against the risks it considers appropriate after consideration of the Company’s needs and circumstances, no assurance can be given as to the Company’s ability to obtain such insurance coverage in the future at reasonable rates or that any coverage arranged will be adequate and available to cover any and all potential claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.
SECTION 6

KEY PEOPLE, INTERESTS AND BENEFITS
6 KEY PEOPLE, INTERESTS AND BENEFITS

6.1 BOARD OF DIRECTORS

The Directors of the Company bring relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience to the Board.

<table>
<thead>
<tr>
<th>Director</th>
<th>Experience and background</th>
</tr>
</thead>
</table>
| **Ehud (Udi) Klier**  
*Executive Director and CEO*  
Udi Klier is the CEO of the Company and was appointed to the Company’s Board in 2007. Udi will be re-appointed as Executive Director and CEO subject to Completion of the Offers.  
Udi previously was the founder and CEO of Normat Coffee Solutions Ltd. (Normat), a company incorporated in Israel that provided innovative office coffee services to the growing hi-tech marketplace in Israel.  
Normat became a leading supplier of vending machines and office coffee services as well as Israel’s representative of Mokador café, Illy Café, Saeco (Europe’s largest coffee machine manufacturer) and other world renowned players in the coffee and vending machine market.  
Udi holds a Bachelor of Arts in Business Administration from the Israeli Interdisciplinary Center. |
| **Rod Walker**  
*Independent Non-Executive Director, Chairman*  
Rod is an experienced Chief Executive Officer, Director and Chairman of proven capability, having led several companies through initial public offerings, major acquisitions, mergers and to record results, whilst also working with the Chief Executive Officers on their personal development. He currently serves on the board as Chairman of Mobecom Ltd, Lakeba Group, Carpet Court Australia, and the Angus Knight Group.  
Former board appointments include Chairman and non-executive director roles on the boards of Godfrey’s Group Limited, The PAS Group Limited, Bras N Things, Rebel Sport, Witchery Fashions, Steinhoff International Holdings Limited and the Amber Group. His last fulltime Executive role was as Managing Director of the Freedom Group. At that time, the Group had over 240 stores with six brands in three countries. Rod led the Group as a public company and subsequently privatised it.  
Rod was the Chairman of Immune System Therapeutics Limited (IST), a start-up biotech company until October 2014 when it was placed into Voluntary Administration. The Company understands that the operations of IST have been fully wound up and its deregistration is expected to occur soon after the assignment of certain assets by IST to third parties. Rod has advised the Company that Mr Barry Kogan of the firm McGrath Nicol has acted as the Administrator of IST. |
| **Sophie Karzis**  
*Independent Non-Executive Director*  
Sophie is a practising lawyer with over 17 years’ experience as a corporate and commercial lawyer and general counsel for a number of public companies.  
Sophie was the principal of Corporate Counsel, a corporate law practice with a focus on corporate governance for the ASX-listed entities, as well as the more general aspects of corporate and commercial laws. Sophie is currently providing company secretarial services to a number of ASX listed and unlisted entities and is a non-executive director of Crowd Mobile Limited (ASX:CMB).  
Sophie is also a member of the Law Institute of Victoria as well as the Governance Institute of Australia.  
Sophie holds a Bachelor of Laws and a Bachelor of Jurisprudence from Monash University, Australia. |
| **Shimon Shoval**  
*Independent Non-Executive Director*  
Shimon is a consultant and project director to the industry, focusing on ‘Build-Operate-Transfer’ models and ‘public-private partnership’ models. Up until 2016, he was the Chairman of the Board of “REGBA” – the leading Kitchen Design and Manufacture company in Israel. Shimon was previously the country manager and chairman of the subsidiaries of ISS Group (amongst other things) the largest catering, cleaning, and security group in Israel with turnover of NIS1.2 billion (approximately US$350 million).  
Shimon has also been the general manager of Norcat, the largest catering company in Israel. |
6 KEY PEOPLE, INTERESTS AND BENEFITS

<table>
<thead>
<tr>
<th>Director</th>
<th>Experience and background</th>
</tr>
</thead>
</table>
| **Daniel Rozental**  
*Non-Executive Director*  
Daniel was appointed to the Company's Board on 16 February 2015 and is to be re-appointed subject to completion of the Offers.  
Daniel is currently a municipal support provider to local communities in Israel (Municipalities of Gezer, Gan Rave and Beer Tuvia), requiring him to chair agricultural, municipality and community committees, develop and implement short and long term budgets, and deal with a large variety of stakeholders, such as suppliers, tenderers, government agencies and community groups.  
Daniel previously founded and managed a catering business (Dekel & Rozental Ltd) and managed a regional branch of a Tafkid Plus Ltd, a large Israeli labour hire company. Daniel has also served in the Israeli Defence Forces as a lieutenant colonel, serving as a human resources manager to approximately 2,500 soldiers.  
Daniel holds a Bachelor of Laws and Master degree of Laws from the Faculty of Law at Bar Ilan University and a Bachelor of Arts in Business Administration from the Ruppin Academic Center. |

| **Amihai Beer**  
*Non-Executive Director*  
Amihai was appointed to the Company's Board in 2011, serving until April 2014 and will be appointed subject to completion of the Offers.  
Amihai served as a director of Caesarstone Ltd (NASDAQ:CTSE) from December 2014 to December 2016.  
Since 2009 Amihai has been acting as legal advisor to Sdot Yam, (a shareholder in the Company), and the Sdot Yam's Economic Counsel. Amihai has been an associate at a leading Israeli law firm, Amar Reiter Jeanne Shochatovitch, since 2009.  
Amihai holds a Bachelor of Laws, from the Netanya Academic College, Israel and was admitted to the Israeli Bar in 2009. |

| **Nachshon Akiva**  
*Non-Executive Director*  
Nachshon was appointed to the Company's Board on 10 December 2017. Nachshon has been appointed to represent YTY.  
Nachshon is currently the Chief Financial Officer and Business Development Manager of Sullam Holdings L.R Ltd, a private investment company that invests in high-tech, industrial and real estate companies. Prior to joining Sullam Holdings L.R Ltd in 2014, Nachshon was a manager in financial advisory services for KPMG Somekh Chaikin, and the Head of Financing and Economy Sector for Israel Credit Cards Ltd.  
Nachshon holds a Master of Business Administration (Hons) from the Academic Management College (specialising in financial management proficiency), and a Bachelor of Accounting in Economics and Accounting from Ben-Gurion University. |

6.1.1 Director disclosures  
Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Director without constraint from other commitments.  
No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Israel, 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 Shares.  
The Company advises that other than Rod Walker (who was the Chairman of Immune System Therapeutics Limited when it was placed into Voluntary Administration), no Director 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 KEY PEOPLE, INTERESTS AND BENEFITS

6.2 SENIOR MANAGEMENT

<table>
<thead>
<tr>
<th>Executive</th>
<th>Experience and background</th>
</tr>
</thead>
</table>
| **Ehud (Udi) Klier**  
*Executive Director and CEO* | Refer to Section 6.1. |
| **Jonathan Berger**  
*Chief Financial Officer* | Jonathan holds a Bachelor of Science (Mathematics and Physics) from the Hebrew University in Jerusalem, qualified as a Chartered Accountant in London and holds a Masters of Business Administration from Herriot Watt University in Edinburgh.  
Jonathan has previously worked as an investment banker and as a Chief Financial Officer in a variety of technology and startup companies, both public and venture capital backed, and has significant experience in the financial management of companies.  
Jonathan is experienced in raising funds from institutional investors, the public and funds, both in Israel and internationally. |
| **Kobe Li**  
*Company Secretary* | Kobe spent eight years at the ASX Listings Compliance team. He was a Senior Adviser overseeing a portfolio of listed entities for their compliance with the ASX Listing Rules. He had responsibilities for a multitude of entities across all industries.  
Kobe has also worked on many Initial Public Offerings and numerous complex corporate transactions. During his time at ASX, Kobe worked as a secondee lawyer at Minter Ellison, one of the leading international law firms in Australia and he is admitted as a lawyer to the Supreme Court of Victoria.  
He is a member of the Governance Institute of Australia. Kobe is a fluent Mandarin speaker and writer. |
| **Roy Tamir**  
*Head of U.S operations and technical support* | Roy directs the Company’s U.S operational activities, including logistics, training and technical support. Roy has 18 years of experience in introducing new products and technologies to the U.S market.  
Roy holds a Bachelor of Arts in History as well as a Masters of Business Administration from the Ben-Gurion University in Beer Sheva, Israel. |
| **Yona Tzurdecker**  
*Chief Operating Officer* | Yona joined Nice-Vend in 2013 as Operations Manager. Yona is responsible for the processes designed to leverage and enhance the Company’s overall operational efficiency.  
Prior to joining Nice-Vend, Yona served as the technical and operational manager at Pauza, Israel’s largest coffee solutions company. |
| **Yossi Eitach**  
*General Manager of Elviento* | Yossi joined Nice-Vend in 2011 as the Company’s first marketing and sales manager. Yossi acts as the Israeli Sales and Marketing Manager and General Manager of Elviento. |
6 KEY PEOPLE, INTERESTS AND BENEFITS

6.2.1 Interests and benefits
This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offers. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company,

holds at the Prospectus Date, or has held in the two years before the Prospectus Date, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offers; or
- the Offers,

and no amount (whether in cash, shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offers or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.2.2 Directors' interests and remuneration

6.2.2.1 Executive Director
The key terms of Udi Klier’s executive employment agreement with the Company, dated 1 April 2017; are as follows:

- Udi is appointed as the CEO of the Company until the agreement is terminated;
- Udi shall be paid NIS 45,000 (approximately $16,791) per month, plus expenses which are not expressed to include social benefits (such as sick leave, holidays or pension payments);
- the contract is governed by Israeli law; and
- Udi is entitled to a bonus of NIS 360,000 net of taxes (approximately $134,358) after completion of the Offers and Listing.

6.2.2.2 Non-executive Director remuneration
Under Israeli law, the remuneration of the directors is set by the shareholders, following approval by the Company’s ‘compensation committee’ (i.e. Remuneration and Nomination Committee), and Board of Directors. Under the ASX Listing Rules, the total amount paid to all non-executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company at a general meeting.

The remuneration paid to ‘external’ directors (as such term is further explained in section 6.3.3 below) is capped by Israeli regulations, which limit the remuneration paid to external directors. As the external directors have certain responsibilities mandated by Australian law which are additional to their function as external directors under Israeli law, the external directors will therefore be permitted under Israeli law to be paid up to approximately NIS34,180 ($50,067) of annual remuneration and approximately NIS 4,035 ($1,505) per meeting.

This remuneration is above the standard external directors’ remuneration for directors who simply exercise the functions of an external director under Israeli law, being between NIS 21,425 ($7,878) and NIS 37,115 ($13,849) of annual remuneration and between NIS 2,480 ($925) and NIS 620 ($228) per meeting for a company with a shareholders’ equity commensurate to such of the Company. Pursuant to Israeli law, any member of the compensation committee, who is not an external director, is also entitled to receive the above compensation. Therefore, Amihai Beer, who shall act as a member of the Audit and Risk Management Committee, and of Remuneration and Nomination Committee, shall be entitled to a compensation in amount of NIS 21,425 ($7,878) of annual remuneration and NIS 620 ($228) per meeting.

Rod Walker’s annual remuneration for his role is $100,000. Sophie Karzis and Shimon Shoval’s annual remunerations for their roles is $50,000 each. Amihai Beer’s remuneration will be at the minimum amounts payable under the Companies Law Regulations (Rules Regarding Compensation and Expenses for External Directors), 5760-2000, currently NIS 21,425 (approximately $7,923) per annum, and NIS 620 (approximately $228) per meeting. The remaining non-executive directors are not remunerated for their respective roles.

6.2.2.3 Officer Indemnity and Exculpation Agreement
The Company has entered an Officer Indemnity and Exculpation Agreement with each Director.

Under the agreement, the Company undertakes to indemnify the Director to the maximum extent permitted by law from any liability, obligation or expense in respect of certain acts or omissions undertaken by the Director in their capacity as a director, with the total indemnity obligation of the Company for all pending claims made by all directors and officers in the aggregate not to exceed the higher of US$10,000,000 or 25% of the paid-up share capital of the Company (including premiums paid in respect of shares) at such time according to the last approved consolidated annual financial statements of the Company; all of the foregoing in addition to any amounts received or receivable from a directors and officers insurance policy. If the total of all such claims exceed such amount (or the remaining balance of such amount at the relevant time), then the limit amount per each Indemnitee of the Company shall be pro-rated among all Indemnitees proportionately to the proven amount of each respective Indemnitee out of the aggregate amount of all proven claims by all Indemnitees.

6.2.2.4 Directors’ Security holdings
Directors are not required by the Articles of Association to hold any Shares. On Completion of the Offers, the Directors will hold the Shares set out below either personally, or through entities associated with the Director (excluding any Shares applied for under the Offers). Some of these Shares will be subject to escrow arrangements. Refer to Section 7.7 for further details.

The Directors are entitled to apply for Shares under the Offers. The Directors’ holdings immediately prior to Completion of the Offers, and that are expected to be acquired in the Offers and held on Completion of the Offers is outlined below, including incoming and outgoing Directors’ holdings. Final Directors’ shareholdings will be notified to the ASX before listing on ASX.
### 6 KEY PEOPLE, INTERESTS AND BENEFITS

<table>
<thead>
<tr>
<th>Party</th>
<th>Relationship to Company</th>
<th>Shares held (prior to completion of the Offers)</th>
<th>Shares expected to be acquired as part of Public Offer</th>
<th>Unlisted Options</th>
<th>Expected Shareholding (on completion of the Offers)</th>
<th>% Shareholding (on completion of the Offers) if Minimum Subscription raised fully diluted</th>
<th>% Shareholding (on completion of the Offers) if Maximum Subscription raised fully diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ehud (Udi) Klier</strong>¹</td>
<td>Current Executive Director</td>
<td>2,336,778 Shares</td>
<td>Nil</td>
<td>1,333,893 Options¹</td>
<td>2,336,778 Shares</td>
<td>2.77%</td>
<td>2.50%</td>
</tr>
<tr>
<td><strong>Amihai Beer</strong>²</td>
<td>Non-Executive Director (appointed on Completion of the Offers)</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Nachshon Akiva</strong>³</td>
<td>Current Non-Executive Director (re-appointed on Completion of the Offers)</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Daniel Rozental</strong></td>
<td>Current Non-Executive Director (re-appointed on Completion of the Offers)</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Rod Walker</strong></td>
<td>Independent Non-Executive Director and Chairman (appointed on completion of the Offers)</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Sophie Karzis</strong></td>
<td>Independent Non-Executive Director (appointed on completion of the Offers)</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Shimon Shoval</strong></td>
<td>Independent Non-Executive Director (appointed on completion of the Offers)</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Aharon Lukach</strong>⁴</td>
<td>Outgoing Director (resigning on Completion of the Offers)</td>
<td>2,621,269 Shares</td>
<td>Nil</td>
<td>2,621,269 Shares</td>
<td></td>
<td>1.98%</td>
<td>1.78%</td>
</tr>
<tr>
<td><strong>Yaniv Buskila</strong>⁵</td>
<td>Outgoing Director (resigning on Completion of the Offers)</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Aviv Dagan</strong>⁴⁵</td>
<td>Outgoing Director (resigning on Completion of the Offers)</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

1. The Options held by Ehud (Udi) Klier are comprised of 219,850 Options at an exercise price of US$0.20 ($0.27) per Option and an expiry date of 26 March 2028, 365,200 Options at an exercise price of US$0.18 ($0.24) per Option and an expiry date of 10 March 2021 and 7 48,843 Options at an exercise price of US$0.20 ($0.27) per Option and an expiry date of 11 July 2027.

2. Amihai Beer is a representative of Sdot Yam (a shareholder of the Company). However, Amihai does not have the power to exercise, dispose of or control the exercise or disposal of the Shares and does not control, nor is a controller of, Sdot Yam. Therefore, while Sdot Yam is a related party of the Company, the Company considers that Amihai Beer does not have a relevant interest in the Shares beneficially held by Sdot Yam.

3. Nachshon Akiva is a representative of YTY (a shareholder of the Company) on the Board. However, Nachshon does not have the power to exercise, dispose of or control the exercise or disposal of the Shares held by YTY and does not control, nor is a controller of, YTY. Therefore, while YTY is a related party of the Company, the Company considers that Nachshon Akiva does not have a relevant interest in the Shares held by YTY.

4. The Company considers that Aharon Lukach, Yaniv Buskila and Aviv Dagan are related parties of the Company, having held positions as Directors within 6 months of the Prospectus Date.

5. Yaniv Buskila and Aviv Dagan were nominated by Sdot Yam (a shareholder of the Company) as representatives on the Board. However, Yaniv does not have the power to exercise, dispose of or control the exercise or disposal of the Shares held by Sdot Yam and does not control, nor is a controller of, Sdot Yam. Therefore, while Sdot Yam is a related party of the Company, the Company considers that Yaniv Buskila and Aviv Dagan do not have a relevant interest in the Shares beneficially held by Sdot Yam.
6 KEY PEOPLE, INTERESTS AND BENEFITS

6.2.2.5 Agreements with Directors or Related Parties
The Company’s policy in respect of related party arrangements is contained in Section 7.14.9.

The Company has entered into certain arrangements with parties who are closely associated with Directors of the Company, some of which are described in Section 9.3, being:
- an Investment Agreement with Sdot Yam;
- an Investment Agreement with YTY;
- Loan Agreement with Hillcroft Investments Limited;
- Loan Agreement with Israel Rozental and Yehuda Nir; and
- lease agreement between the Company and Tigi Ltd. Tigi Ltd is owned and controlled by Udi Klier’s brother, Niri Klier.

6.2.2.6 Other information about Directors’ interests and benefits
Directors may also be reimbursed for all reasonable out of pocket expenses incurred in carrying out their duties as a Director.

There are no retirement benefit schemes for Directors, other than pension contributions.

6.2.3 Senior Management’s interests and remuneration

6.2.3.1 Chief Executive Officer
See Section 6.2.2.1 above.

6.2.3.2 Chief Financial Officer
Jonathan Berger is the Chief Financial Officer of the Company.

The key terms of Jonathan Berger’s executive employment agreement with the Company, dated 28 June 2017, are as follows:
- Jonathan is appointed as the CFO of the Company until the agreement is terminated;
- Jonathan is paid NIS 35,000 (approximately $13,060) per month, plus expenses which are not expressed to include social benefits (such as sick leave, holidays or pension payments); and
- the contract is governed by Israeli law.

Jonathan has been issued 374,421 Options under the 2009 Share Option Plan, at an exercise price of US$0.20 ($0.27) per Option and an expiry date of 10 years from the date of issue.

6.2.3.3 Chief Operating Officer
Yona Tzurdecker is the Chief Operating Officer of the Company.

The key terms of Yona’s employment with the Company are as follows:
- Yona is employed as a Chief Operating Officer;
- Yona is entitled to a monthly salary of NIS17,000 (approximately $6,343) plus social benefits (such as pension payments and leave entitlements); and
- the term of the contract is indefinite until terminated in accordance with its terms.

Yona has been issued 22,825 Options under the 2009 Share Option Plan, at an exercise price of US$0.20 ($0.27) per Option and an expiry date of 10 years from the date of issue.

6.2.3.4 Company Secretary
The Company has appointed Kobe Li as its Company Secretary effective on and from Listing. Kobe Li is a member of the service provider Boardroom Pty Ltd (Boardroom), who has been engaged by the Company to provide it with company secretarial services. Boardroom and Kobe Li have significant experience as a professional corporate secretary and are highly experienced in dealing with continuous disclosure requirements and reporting obligations for ASX listed entities.

6.2.3.5 Senior management service agreements
Each senior manager in the Company has entered into an executive employment agreement with the Company, which is governed by Israeli law.

These generally establish:
- base salary and a fixed amount of overtime compensation; and
- a mandatory pension contribution;
- notice and termination provisions;
- restraint of trade provisions (for a 12 month period), and payment of a certain amount of non-compete consideration;
- for employees, leave entitlements as per the applicable legislation.

6.2.4 The 2017 Share Option Plan
The company currently has two approved share option plans in place. All options issued to staff as of the date of this Prospectus are pursuant to the terms of the 2009 Share Option Plan which is due to expire at the end of the 2019 Financial Year. Any new options to be issued will be issued pursuant to the terms of the 2017 Share Option Plan.

The 2017 Share Option Plan offers eligible employees (including directors) and consultants of the Company or of a related entity of the Company selected by the Board rights to subscribe for, or be granted, Options. The Company has reserved certain unissued Shares to be allocated under the 2017 Share Option Plan. The Board may administer the 2017 Share Option Plan, or may appoint a Remuneration and Nomination Committee to administer the 2017 Share Option Plan. The Board or Remuneration and Nomination Committee shall have full authority to determine the terms and provisions of respective option agreements, including the number of Shares to be covered by each Option.

However, no Option may be granted, issued, disposed of or otherwise dealt with it such dealing would contravene the ASX Listing Rules or any applicable law.

The exercise price of each Share subject to a new Option to be granted shall be determined by the Board or the Remuneration and Nomination Committee in its discretion in accordance with applicable law, subject to any guidelines as may be determined by the Board from time to time, provided however, that the exercise price of each Share shall be not less than the nominal value of the Shares underlying the Option.
If the Company is separated, merged, acquired or reorganised with or into another company, the Board may resolve (subject to applicable law) that the vesting period of the outstanding Options shall be accelerated so that any unvested Option shall be immediately vested in full, prior to the effective date of such transaction.

If the Company declares a dividend, share split, combination or exchange of shares or recapitalisation, the number, class and kind of shares subject to the 2017 Share Option Plan and the exercise prices of the Options, shall be adjusted in accordance with the formula set forth in rule 6.22.2 of the ASX Listing Rules.

In the event of any pro-rata issue (except a bonus issue) to the holders of the shares, the exercise price of the Options shall be adjusted in accordance with ASX Listing Rule 6.22.2A, (or any substitute thereof in effect), or as the Board or Remuneration and Nomination Committee may deem fit, subject to shareholder approval, to the extent required.

The invitations issued to eligible employees will include information on performance conditions and any trading restrictions on dealing with Options allocated on vesting or shares issued upon exercise of the Options.

Upon acceptance of an invitation, the Directors will grant Options in the name of the eligible employee. Participants in the 2017 Share Option Plan will not pay any consideration for the grant of the Options. The Options will not be listed on the ASX.

Unless otherwise prescribed by the Remuneration and Nomination Committee or Board:
- 25% of the Options granted to an Option holder shall vest on the first anniversary of the date of grant; and
- the remaining 75% of Options granted to an Option holder shall vest over 3 years commencing on the first anniversary of the date of grant, on a quarterly basis.

No Options may be exercisable after 10 years from the date of grant, and vested Options may only be exercised after the date of termination of the Option holder’s employment or services if the termination is without cause or the termination is the result of death or disability.

Options issued under the 2017 Share Option Plan are not assignable or transferable, and may not be encumbered. Any tax arising from the grant or exercise of any Option shall be borne solely by the Option holder.

The 2017 Share Option Plan is governed by the laws of the state of Israel.

The Options issued under the 2009 Share Option Plan are as follows:

<table>
<thead>
<tr>
<th>Holder</th>
<th>Relationship to Company</th>
<th>Number of Options</th>
<th>Exercise Price per Option</th>
<th>Vesting Commencement Date</th>
<th>Expiry Date</th>
<th>Vesting Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Udi Klier</td>
<td>CEO</td>
<td>219,850</td>
<td>US$0.20</td>
<td>Fully vested on 28 June 2018</td>
<td>26 March 2028</td>
<td>Fully vested on 28 June 2018</td>
</tr>
<tr>
<td>Niri Klier/ CD Coin Ltd</td>
<td>Former employee</td>
<td>219,850</td>
<td>US$0.20</td>
<td>Fully vested on 28 June 2018</td>
<td>26 March 2028</td>
<td>Fully vested on 28 June 2018</td>
</tr>
<tr>
<td>Udi Klier</td>
<td>CEO</td>
<td>365,200</td>
<td>US$0.18</td>
<td>31 December 2009</td>
<td>10 March 2021</td>
<td>Options for each of 4 years commencing 31 December 2009</td>
</tr>
<tr>
<td>Udi Klier</td>
<td>CEO</td>
<td>748,843</td>
<td>US$0.20</td>
<td>11 July 2017</td>
<td>11 July 2027</td>
<td>Immediate</td>
</tr>
<tr>
<td>Boaz Granot</td>
<td>Employee</td>
<td>41,085</td>
<td>US$0.20</td>
<td>1 September 2019</td>
<td>1 September 2021</td>
<td>N/A</td>
</tr>
<tr>
<td>Matan Asher</td>
<td>Former employee</td>
<td>86,735</td>
<td>US$0.20</td>
<td>1 September 2019</td>
<td>1 September 2021</td>
<td>N/A</td>
</tr>
<tr>
<td>Shai Gal</td>
<td>Former employee</td>
<td>86,735</td>
<td>US$0.20</td>
<td>1 September 2019</td>
<td>1 September 2021</td>
<td>N/A</td>
</tr>
<tr>
<td>Yona Tzurdecker</td>
<td>Employee</td>
<td>22,825</td>
<td>US$0.20</td>
<td>1 September 2019</td>
<td>1 September 2021</td>
<td>N/A</td>
</tr>
<tr>
<td>Nitsan Ziv</td>
<td>Former employee</td>
<td>22,825</td>
<td>US$0.20</td>
<td>1 September 2019</td>
<td>1 September 2021</td>
<td>N/A</td>
</tr>
<tr>
<td>Dan Liebermann</td>
<td>Service provider</td>
<td>22,825</td>
<td>US$0.20</td>
<td>25 March 2014</td>
<td>25 March 2018</td>
<td>N/A</td>
</tr>
<tr>
<td>Joseph Yitach</td>
<td>Employee</td>
<td>22,825</td>
<td>US$0.20</td>
<td>1 September 2019</td>
<td>1 September 2021</td>
<td>N/A</td>
</tr>
</tbody>
</table>
6.2.5 Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- APP Securities Pty Ltd as the Lead Manager of the Offer. The Company has paid, or agreed to pay, the Lead Manager the fees described in Section 9.3.2 for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, the Lead Manager has not received fees from the Company for other non-capital raising services provided to the Company;

- Kentgrove Capital Pty Ltd have acted as Financial Advisor to the Company with respect to the Offer. The Company has paid, or agreed to pay, Kentgrove Capital Pty Ltd the fees described in Section 9.3.1 for these services;

- Holding Redlich has acted as Australian legal adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately $150,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Holding Redlich in accordance with its normal time-based charges. Further fees may be incurred prior to the close of the Offers at normal hourly rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Holding Redlich has not received fees from the Company for other services provided to the Company;

- Gornitzky & Co has acted as Israeli legal adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately $83,000 (excluding disbursements and VAT) for these services up until the Prospectus Date. Further amounts may be paid to Gornitzky & Co in accordance with its normal time-based charges. During the 24 months preceding lodgement of this Prospectus with ASIC, Gornitzky & Co has not received fees from the Company for other services provided to the Company;

- Grant Thornton Corporate Finance Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant’s Report included in Section 8 of this Prospectus and has performed work in relation to due diligence enquiries in connection with the Offer. The Company has paid, or agreed to pay, approximately $130,000 (excluding disbursements and GST) for the above services up until the Prospectus Date. During the 24 months preceding lodgement of this Prospectus with ASIC, Grant Thornton Australia Limited has not received fees from the Company for other services provided to the Company;

- Fahn Kanne & Co. Grant Thornton Israel has acted as the Company’s auditor and has prepared the audited financial information contained in the Investigating Accountant’s Report which is included in Section 8 of this Prospectus. The Company has paid, or agreed to pay, approximately $55,000 (excluding disbursements and VAT) for these services up until the Prospectus Date. During the 24 months preceding lodgement of this Prospectus with ASIC, Fahn Kanne & Co. Grant Thornton Israel has not received fees from the Company for other services provided to the Company;

- Boardroom Pty Ltd has acted as the Share Registry to the Company. The Company has paid, or agreed to pay, normal commercial rates for the share registry services provided by Boardroom Pty Ltd. Corporate Counsel, a subsidiary of Boardroom Pty Ltd is also providing the Company with company secretarial services, at normal commercial rates; and

- Frost & Sullivan has provided an Industry Report to the Company. The Company has paid, or agreed to pay, approximately US$15,000 (approximately $19,028) (excluding disbursements and GST) for those services. During the 24 months preceding lodgement of this Prospectus with ASIC, Frost & Sullivan has not received fees from the Company for other services provided to the Company.
The Lead Manager or its affiliates from time to time may in the future perform other investment banking and financial advisory services for the Company, Shareholders or their respective affiliates. Further, in the ordinary course of their trading, brokerage and financing activities, the Lead Manager and their affiliates may act as a market maker or buy or sell securities issued by the Company or associated derivatives as principal or agent. Customary fees and commissions are expected to be paid for any such services in the future.

These amounts, and other expenses of the Offer, will be paid out of funds raised under the Offers or available cash (unless otherwise indicated). Further information on the use of funds and payment of expenses of the Offers is set out in Section 7.

6.3 CORPORATE GOVERNANCE

6.3.1 Overview

This Section explains how the Board will oversee the management of the Company’s business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company 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 the Company. In conducting the Company’s business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company’s business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released the ASX Recommendations for ASX-listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The recommendations are not prescriptive, but guidance. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period.

The main policies and practices adopted by the Company, which will take effect from ASX listing, are summarised below. In addition, many governance elements are contained in the Articles of Association. The Company’s Code of Conduct outlines the standards of conduct expected of the Company’s business and personnel in a range of circumstances. In particular, the Code of Conduct requires awareness of, and compliance with, relevant laws and regulations and other policies and procedures of the Company. Details of the Company’s key policies and practices and the charters for the Board and each of its committees will be available from Listing at www.nicevend.com/investors.

Except as set out below, the Board does not anticipate that it will depart from the ASX Recommendations; however, it may do so in the future if it considers that such a departure would be reasonable.
### 6.3.2 Departures from Recommendations

Following Listing, the Company will be required to report any departures from the ASX Recommendations. The Company’s compliance with and departures from the Recommendations as at the Prospectus Date are as follows:

<table>
<thead>
<tr>
<th>Principle and Recommendation</th>
<th>Requirement</th>
<th>Comply</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRINCIPLE 1</strong></td>
<td><strong>Lay solid foundations for management and oversight</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommendation 1.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A listed entity should disclose:</td>
<td><strong>YES</strong></td>
<td>The Company has approved a Board Charter to apply on Listing which sets out the specific roles and responsibilities of the Board, the Chair and the Company secretary and management. The Board Charter includes a description of those matters expressly reserved to the Board and delegated to the Board Committees, with tasks not expressly reserved for the Board being delegable by the Board to management. The Board Charter sets out the membership and operation of the Board, requirements as to Board composition, delegation and establishment of Board Committees, the process of selection and appointment of directors, the roles and responsibilities of the Chairman and Company Secretary, requirements for advising on conflicts of interest and details regarding the Board’s interaction with the Company. A copy of the Company’s Board Charter will be available on the Company’s website following Listing.</td>
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<tr>
<td></td>
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<tr>
<td></td>
<td>a) the respective roles and responsibilities of its board and management;</td>
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<td></td>
<td>b) those matters expressly reserved to the board and those delegated to</td>
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<tr>
<td></td>
<td>management.</td>
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<td></td>
</tr>
<tr>
<td>Recommendation 1.2</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>A listed entity should:</td>
<td><strong>YES</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) undertake appropriate checks before appointing a person, or</td>
<td></td>
<td>a) The Company’s Remuneration and Nomination Committee Charter requires the Nomination Committee to undertake appropriate checks before putting forward a candidate for appointment or election as a director.</td>
</tr>
<tr>
<td></td>
<td>putting forward to security holders a candidate for election, as a</td>
<td></td>
<td>b) The Company’s Remuneration and Nomination Committee Charter requires the Committee to provide shareholders with all material information in its possession relevant to a decision whether or not to elect or re-elect a director.</td>
</tr>
<tr>
<td></td>
<td>director; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) provide security holders with all</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>material information relevant to a decision on whether or not to elect</td>
<td></td>
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<tr>
<td></td>
<td>or re-elect a director.</td>
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<tr>
<td>Recommendation 1.3</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>A listed entity should have a written agreement with each director and</td>
<td><strong>YES</strong></td>
<td>The Company group has written agreements with each of its Directors and senior executives setting out the terms of their appointment. The terms of certain agreements with Directors are summarised in Section 6.2.2, while agreements with certain senior executives are summarised in Section 6.2.3.</td>
</tr>
<tr>
<td></td>
<td>senior executive setting out the terms of their appointment.</td>
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<tr>
<td>Recommendation 1.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Company secretary of a listed</td>
<td><strong>YES</strong></td>
<td>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board through the Chairman on all matters relating to the proper functioning of the Board.</td>
</tr>
<tr>
<td></td>
<td>entity should be accountable directly to the board, through the chair,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>on all matters to do with the proper functioning of the board.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Principle and Recommendation

<table>
<thead>
<tr>
<th>Principle and Recommendation</th>
<th>Requirement</th>
<th>Comply</th>
<th>Explanation</th>
</tr>
</thead>
</table>
| **Recommendation 1.5** | A listed entity should: | NO | a) The Company has not adopted a diversity policy. The workforce of the Company and its subsidiaries are made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, respected and valued by the Company. While the Company is committed to gender diversity in its workplace, the Board believes that the Company is not yet of a size where it is appropriate to implement a Diversity Policy or to implement measurable objectives for achieving gender diversity. The Company notes that it has appointed one female director, Sophie Karzis.  

b) Due to reasons noted above, the Company does not have a diversity policy and is therefore unable to disclose a summary of its diversity policy.  
c) The Company does not presently intent to set measurable objectives for achieving gender diversity, as the existing Directors and key management personnel have sufficient skill and experience to carry out the Company's objectives. |

| **Recommendation 1.6** | A listed entity should: | YES | a) The Remuneration and Nomination Committee Charter has and discloses the process for periodically evaluating the performance of the board, its committees and individual directors. Performance reviews are carried out by the Remuneration and Nomination Committee.  
b) The Company intends to disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. |

| **Recommendation 1.7** | A listed entity should: | YES | a) The Board Charter has and discloses the process for periodically evaluating the performance of senior executives, which the Board is responsible for.  
b) The Company intends to disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. |
### PRINCIPLE 2  Structure the board to add value:

<table>
<thead>
<tr>
<th>Recommendation 2.1</th>
<th>The board of a listed entity should:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a) have a nomination committee which:</td>
</tr>
<tr>
<td></td>
<td>i) has at least three members, a majority of whom are independent directors; and</td>
</tr>
<tr>
<td></td>
<td>ii) is chaired by an independent director, and disclose:</td>
</tr>
<tr>
<td></td>
<td>iii) the charter of the committee;</td>
</tr>
<tr>
<td></td>
<td>iv) the members of the committee; and</td>
</tr>
<tr>
<td></td>
<td>v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</td>
</tr>
<tr>
<td></td>
<td>b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comply</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>a) The Company will establish a Remuneration and Nomination Committee with effect from Listing. This is both a requirement of the Recommendations and a requirement of the Companies Law. Please refer to 6.3.6.3 for a summary of the responsibilities of the Remuneration and Nomination Committee (or “compensation committee” according to the Companies Law terminology).</td>
</tr>
<tr>
<td></td>
<td>i) In order to comply with the Companies Law following the closing of the Offer, the Company shall maintain a Remuneration and Nomination Committee (or “compensation committee”) consisting of at least three Directors, including all of the external Directors, who must constitute a majority of the members of the committee. The Company expects that the Remuneration and Nomination Committee will be comprised of 3 directors. Under the Companies Law, each Remuneration and Nomination Committee (that is, compensation committee) member who is not an external Director must be a Director whose compensation does not exceed an amount that may be paid to an external Director under regulations promulgated under the Companies Law. The Remuneration and Nomination Committee is subject to the same Companies Law restrictions as the audit committee regarding who may not be a member of the committee.</td>
</tr>
<tr>
<td></td>
<td>ii) the Remuneration and Nomination Committee will be chaired by Shimon Shoval, who is an independent director;</td>
</tr>
<tr>
<td></td>
<td>iii) The Company shall disclose the charter of the Remuneration and Nomination Committee, which will be available on the Company’s website;</td>
</tr>
<tr>
<td></td>
<td>iv) The Company will disclose the members of the Remuneration and Nomination Committee; and</td>
</tr>
<tr>
<td></td>
<td>v) the Remuneration and Nomination Committee will be established on Listing. The Company intends to disclose, as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</td>
</tr>
</tbody>
</table>
## Principle and Recommendation

### Recommendation 2.2
A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Comply</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>The Board believes that the Company has a good mix of skills on its board but has not prepared a skills matrix. The Board intends to review the skills, knowledge and experience represented on the Board against the skills and experience needed to deliver the Company's strategy. The Board intends to ultimately prepare a skills matrix to assist with its review and to comply with ASX's requirements. The experience and skills of directors in the key areas below will be recorded in the matrix to identify any gaps or weaknesses in the Board skills to be addressed when filling any Board vacancies or by recruitment of additional directors. Qualifications Finance / accounting / legal / industry / other Experience Finance and Investment / Accounting / Legal / Investment management / Product development / Marketing / Distribution / Investor and Public relations / Regulatory / Risk Management / Human Resources / Information technology / Strategic planning and leadership / shareholder management / director experience / executive management / ethical issues management. The Board considers that the above skills areas are appropriately represented in the Board.</td>
<td></td>
</tr>
</tbody>
</table>

### Recommendation 2.3
A listed entity should disclose:

- a) the names of the directors considered by the board to be independent directors;
- b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- c) the length of service of each director.

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<th>Requirement</th>
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<tr>
<td>YES</td>
<td>a) The Board Charter requires all directors to disclose to the Board any information that may affect their independence, and also requires the disclosure of any change to a director's independent status to the market. The Company considers that Sophie Karzis and Shimon Shoval will be independent directors. The Board considers that Udi Klier is not independent due to his executive role as Chief Executive Officer of the Company. The Board considers that Rod Walker who will be appointed on completion of the Offer, will be the chairman of the board, and will be an independent director. b) Please refer to Section 6.1 of this Prospectus for details of the Directors' interests, associations, relationships and positions. The Board Charter requires each Director to disclose their interests, associations, relationships and positions, and that the Board regularly re-assesses Directors' independence based on such disclosures.</td>
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6 KEY PEOPLE, INTERESTS AND BENEFITS

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<th>Explanation</th>
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<tr>
<td>Recommendation 2.3 continued</td>
<td>c) The length of service of each current Director is as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Name</td>
<td>Date of appointment</td>
<td>Length of service</td>
</tr>
<tr>
<td>Ehud (Udi) Klier months</td>
<td>24 January 2007</td>
<td>11 years and 7 months</td>
<td></td>
</tr>
<tr>
<td>Daniel Rozental</td>
<td>16 February 2015</td>
<td>3 years and 6 months</td>
<td></td>
</tr>
<tr>
<td>Nachshon Akiva</td>
<td>10 January 2018</td>
<td>7 months</td>
<td></td>
</tr>
<tr>
<td>Amihai Beer</td>
<td>10 January 2018</td>
<td>7 months</td>
<td></td>
</tr>
<tr>
<td>Yaniv Boscila</td>
<td>4 March 2016</td>
<td>2 years and 5 months</td>
<td>To resign prior to Listing</td>
</tr>
<tr>
<td>Aviv Dagan</td>
<td>4 March 2016</td>
<td>2 years and 5 months</td>
<td>To resign prior to Listing</td>
</tr>
<tr>
<td>Aharon Lukatch</td>
<td>2 August 2009</td>
<td>9 years</td>
<td>To resign prior to Listing</td>
</tr>
<tr>
<td>Rod Walker</td>
<td>N/A</td>
<td>N/A</td>
<td>To be appointed on Listing</td>
</tr>
<tr>
<td>Sophie Karzis</td>
<td>N/A</td>
<td>N/A</td>
<td>To be appointed on Listing</td>
</tr>
<tr>
<td>Shimon Shoval</td>
<td>N/A</td>
<td>N/A</td>
<td>To be appointed on Listing</td>
</tr>
</tbody>
</table>

On completion of the Offer, Aharon Lukach, Yaniv Buskila and Aviv Dagan will resign, while Rod Walker, Shimon Shoval and Sophie Karzis will be appointed.

Recommendation 2.4 A majoriy of the board of a listed entity should be independent directors. NO Three of the Company’s seven Directors are considered to be independent, while the remaining four of the Company’s Directors are not considered to be independent. The Board believes that the Company is not yet of a size where it is appropriate to implement a board with a majority of independent directors.

Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. YES Following completion of the Offer, Rod Walker will be appointed as the Chairman of the Company. Rod Walker will be an independent director.
### Principle and Recommendation

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<thead>
<tr>
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<tr>
<td>Recommendation 2.6</td>
<td>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</td>
<td>YES</td>
<td>The Remuneration and Nomination Committee will be responsible for developing, implementing and reviewing director induction programmes and continuing education measures to enhance director competencies and update and enhance directors’ knowledge and skills in order to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</td>
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### PRINCIPLE 3 Act ethically and responsibly:

<table>
<thead>
<tr>
<th>Recommendation 3.1</th>
<th>A listed entity should:</th>
<th>YES</th>
<th>a) The Company has a Code of Conduct for its directors, senior executives and employees. b) The Company will disclose the Code of Conduct on its website.</th>
</tr>
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<tbody>
<tr>
<td>a) have a code of conduct for its directors, senior executives and employees; and</td>
<td>b) disclose that code or a summary of it.</td>
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<tr>
<td>b) disclose that code or a summary of it.</td>
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| **PRINCIPLE 4** Safeguard integrity in corporate reporting: | **Recommendation 4.1** The board of a listed entity should: | YES | a) The Company will establish with effect from Listing an Audit and Risk Management Committee (or “audit committee”, according to the terminology of the Companies Law). This is both a requirement of the Recommendations and a requirement of the Companies Law. Please refer to Section 6.3.6.1 for a summary of the Audit and Risk Management Committee’s responsibilities.  
   i) The Audit and Risk Management Committee is to comprise three directors each of whom are non-executive directors and a majority of whom are considered by the Board to be independent directors. The Companies Law also imposes certain additional restrictions in relation to the composition of the Audit and Risk Management Committee, so that the Company may not appoint certain other directors to the Audit and Risk Management Committee. Please refer to Section 6.3.6.1 for a summary of these restrictions. In accordance with the Companies Law, the Audit and Risk Management Committee contains all of the Company’s external directors.  
   ii) The Audit and Risk Management Committee will be chaired by Shimon Shoval, who is an independent director and who is not the chair of the Board. This is in accordance with the Companies Law, which requires that one of the Company’s external directors must chair the Audit and Risk Management Committee.  
   iii) The Company will disclose the charter of the Audit and Risk Management Committee on its website.  
   iv) The relevant qualifications and experience of the members of the committee are disclosed in Section 6.1 of the Prospectus.  
   v) The Audit and Risk Management Committee will be established with effect from Listing and has not yet held a meeting. However, the Company intends to disclose in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, in the Company’s Annual Report and on its website. | b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.
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<tr>
<td>Recommendation 4.2</td>
<td>The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</td>
<td>YES</td>
<td>The Company intends to require that the CEO and CFO (or, if none, the persons(s) fulfilling those functions) to provide a sign off on those terms in each financial year.</td>
</tr>
<tr>
<td>Recommendation 4.3</td>
<td>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</td>
<td>YES</td>
<td>Under Israeli law, the Company’s external auditor is not required to attend its AGM. However, the Company intends to ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</td>
</tr>
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<td>PRINCIPLE 5</td>
<td>Make timely and balanced disclosure:</td>
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| Recommendation 5.1          | A listed entity should: a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and b) disclose that policy or a summary of it.                                      | YES   | a) The Company has a Disclosure and Communication Policy, which sets out the corporate governance measures adopted by the Company to ensure that market releases are presented in a clear and factual way, ensure that shareholders have equal and timely access to material information concerning the Company and to communicate effectively with shareholders.  
b) The Company will disclose its Disclosure and Communication Policy on its website. |
| PRINCIPLE 6                 | Respect the rights of security holder                                                                                                                                                                         |       |                                                                                                                                                                                                           |
| Recommendation 6.1          | A listed entity should provide information about itself and its governance to investors via its website.                                                                                                | YES   | Information about the Company and its governance will be available on the Company’s website. In particular, the Company will upload the following documents to its website:  
a) Board Charter;  
b) Code of Conduct;  
c) Risk Management Statement;  
d) Remuneration and Nomination Committee Charter;  
e) Disclosure and Communication Policy;  
f) Audit and Risk Committee Charter; and  
g) Securities Trading Policy. |
| Recommendation 6.2          | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.                                                                     | YES   | The Company has adopted a Disclosure and Communication Policy to facilitate effective two-way communication with investors. This Policy outlines a range of ways in which information is communicated to shareholders. |
6 KEY PEOPLE, INTERESTS AND BENEFITS

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<tbody>
<tr>
<td>Recommendation 6.3</td>
<td>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</td>
<td>YES</td>
<td>Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of a notice of meeting to shareholders, the Company Secretary shall send out material stating that all shareholders are encouraged to participate. Please refer to Section 7.13 in relation to the rights of Shareholders to attend and vote at meetings.</td>
</tr>
<tr>
<td>Recommendation 6.4</td>
<td>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</td>
<td>YES</td>
<td>Shareholders may elect to receive information by post rather than electronically. The Company will communicate electronically with shareholders who have not elected to receive information by post.</td>
</tr>
<tr>
<td><strong>PRINCIPLE 7</strong> Recognise and manage risk:</td>
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| Recommendation 7.1 | The board of a listed entity should:  
   a) have a committee or committees to oversee risk, each of which:  
      i) has at least three members, a majority of whom are independent directors;  
      ii) is chaired by an independent director  
      iii) and disclose:  
      iv) the charter of the committee;  
      v) the members of the committee; and  
      vi) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or  
   b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework. | NO | The risk committee is combined with the Audit and Risk Management Committee and will be subject to the Audit and Risk Committee Charter. Please refer to Recommendation 4.1.  
The Board believes that the Company is not yet of a size where it is appropriate to have a separate risk committee. |
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<th>Explanation</th>
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| **Recommendation 7.2** | The board or a committee of the board should:  
  a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and  
  b) disclose, in relation to each reporting period, whether such a review has taken place. | YES | a) The Company has adopted a Risk Management Statement, which is aimed at implementing a comprehensive and systematic risk assessment and reporting process throughout the Company, and enabling the Company to identify, assess, monitor and manage material risks related to the conduct of the Company’s activities. The Audit and Risk Management Committee intends to review the Risk Management Statement annually to keep it up to date and report to the Board any changes it considers should be made.  
  b) The Company intends to disclose in each Annual Report whether such a review of the Company’s risk management framework has taken place. The Risk Management Statement will be reviewed annually or earlier if require by a change in circumstances. |
| **Recommendation 7.3** | A listed entity should disclose:  
  a) if it has an internal audit function, how the function is structured and what role it performs; or  
  b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | YES | a) The Company does not have an internal audit function. Accordingly, the responsibility of evaluating and improving the effectiveness of the Company’s risk management and internal control processes rest primarily with the Audit and Risk Management Committee.  
  b) The Audit and Risk Management Committee Charter identifies risk management and internal compliance and control systems and provides that the Audit and Risk Management Committee is responsible for evaluating and continually improving the effectiveness of its risk management and internal control processes. |
| **Recommendation 7.4** | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. | YES | The Company’s Risk Management Statement assists the Company with identifying risks, including economic, environmental and social sustainability risks. To the extent that the Company is exposed to such risks, the Company considers that it has disclosed such risks in Section 5 of this Prospectus.  
  The Company intends to disclose on its website and in its Annual Report whether it has any material exposure to economic, environmental or social sustainability risks and if so, how it intends to manage those risks. |
**PRINCIPLE 8** Remunerate fairly and responsibly:

**Recommendation 8.1** The board of a listed entity should:

a) have a remuneration committee which:
   i) has at least three members, a majority of whom are independent directors;
   ii) is chaired by an independent director;
   iii) and disclose:
   iv) the charter of the committee;
   v) the members of the committee;
   and
   vi) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

**Comply**  

YES  

**Explanation**

a) The Company will establish with effect from Listing a Remuneration and Nomination Committee (or “compensation committee”, according to the terminology of the Companies Law). This is both a requirement of the Recommendations and the Companies Law. Please refer to Section 6.3.6.3 for a summary of the Remuneration and Nomination Committee’s responsibilities.

i) The Remuneration and Nomination Committee will be comprised of three directors whom are non-executive directors and a majority of whom are considered by the Board to be independent directors. The Companies Law also imposes certain additional restrictions in relation to the composition of the Remuneration and Nomination Committee so that the Company may not appoint certain other directors to the Remuneration and Nomination Committee. Please refer to Section 6.3.6.3 for a summary of these restrictions. In accordance with the Companies Law, the Remuneration and Nomination Committee contains all of the Company’s external directors, who constitute a majority of members of the committee.

ii) The Remuneration and Nomination Committee will be chaired by Shimon Shoval, who is an independent director who is not the chair of the Board. This is in accordance with the Companies Law, which requires that one of the Company’s external directors must chair the Remuneration and Nomination Committee.

iii) The Company will disclose the charter of the Remuneration and Nomination Committee on its website.

iv) The relevant qualifications and experience of the members of the committee are disclosed in Section 6.1 of the Prospectus.

b) The Remuneration and Nomination Committee will be established with effect from Listing but has not yet held a meeting. However, the Company intends to disclose in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, in the Company’s Annual Report and on its website.
6 KEY PEOPLE, INTERESTS AND BENEFITS

Principle and Recommendation | Requirement | Comply | Explanation
--- | --- | --- | ---
Recommendation 8.2 | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration. | YES | The Company will disclose its Remuneration and Nomination Committee Charter on its website and on the ASX. The Remuneration and Nomination Committee Charter provides that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration, so that distinction is maintained between the structure of non-executive directors’ remuneration and that of executive directors.

Recommendation 8.3 | A listed entity which has an equity-based remuneration scheme should: a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b) disclose that policy or a summary of it. | YES | a) The Company’s Security Trading Policy sets out whether the participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Securities Trading Policy prohibits participants limiting exposure to elements of their remuneration which have not vested or remain subject to a holding lock, but otherwise participants are permitted to enter into transactions permitted by law. b) The Company will disclose the Securities Trading Policy on its website and the ASX.

6.3.3 Independence of Directors
In determining whether a Director is “independent”, the Board has adopted the definition of this word in the ASX Recommendations. Consequently, a Director will be considered “independent” if that Director is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. 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 will regularly review the independence of each Director in light of interests disclosed to the Board and will disclose any change to the ASX, as required by the ASX Listing Rules.

Following completion of the Offer, the Board considers that three of the six non-executive Directors, being Rod Walker, Sophie Karzis and Shimon Shoval, are free from any business or any other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement and so each is considered an independent Director.

6.3.4 External Directors
6.3.4.1 Definition of “External Directors”
Under the Companies Law, the Company is required to have at least two Directors who qualify as “external directors”. The Company intends to hold a Shareholders’ meeting within three months of the closing of the Offers to seek approval for the appointment of the board-nominated candidates for external directors.

The definition of “independent director” under ASX Listing Rules and “external director” under the Companies Law may overlap to a significant degree such that the Company would generally expect the two Directors serving as external directors to satisfy the requirements to be independent under ASX Listing Rules. The definition of an external director under the Companies Law includes a set of statutory criteria that must be satisfied, including criteria whose aim is to ensure that there is no factor that would impair the ability of the external director to exercise independent judgment.

If all members of the Board of Directors, who are neither controlling shareholders (as defined below) nor relatives of controlling shareholders of the Company, are of the same gender at the time the external directors are appointed by a general meeting of Shareholders (which meeting must be no later than three months from the Closing Date), then at least one of the external Directors appointed at such meeting must be of the other gender. The Company will be complying with this gender requirement.
6 KEY PEOPLE, INTERESTS AND BENEFITS

Compensation of External Directors
Under the Companies Law, external directors are prohibited from receiving, directly or indirectly, any compensation for their services as directors, other than for their services as external directors pursuant to the Companies Law. Compensation of an external director is determined prior to his or her appointment and may not be altered during the term of their appointment, subject to certain exceptions.

Under the Companies Law, following the termination of an external director’s service on a board of directors, such former external director and his or her spouse and children may not be provided with a direct or indirect benefit by:
- the Company;
- the Company’s controlling shareholder; or
- any entity under the Company’s controlling shareholder’s control.

This includes:
- engagement as an office holder or director of the Company;
- engagement by a company controlled by the Company’s controlling shareholder; or
- employment by, or provision of services to, any such company for consideration, either directly or indirectly, including through a corporation controlled by the former external director.

This restriction extends for a period of two years with regard to the former external director and his or her spouse or child, and for one year with respect to other relatives of the former external director.

6.3.4.2 Additional Qualifications of External Directors
According to regulations promulgated under the Companies Law, a person may be appointed as an external director of the Company only if he or she has either professional qualifications or accounting and financial expertise.

In addition, at least one of the external directors must be determined by the Company’s Board of Directors to have accounting and financial expertise.

The Board of Directors is charged with determining whether a Director possesses financial and accounting expertise or professional qualifications. The Company’s Board of Directors has determined that all Directors following Listing possess professional qualifications and Shimon Shoval has accounting and financial expertise as required under the Companies Law.

6.3.4.3 Term of External Directors
The initial term of an external Director is three years. Thereafter, an external Director may be re-elected to serve in that capacity for two additional three year terms, provided that either:
- his or her service for each such additional term is either:
  - recommended by one or more Shareholders holding at least 1% of the Company’s voting rights or;
  - he or she nominates himself or herself and is approved at a Shareholders’ meeting by a disinterested majority (as defined below), where the total number of Shares held by non-controlling, disinterested Shareholders voting for such re-election exceeds 2% of the aggregate voting rights in the Company, provided certain conditions are met; or
  - recommended by the Board of Directors and is approved at a Shareholders’ meeting by the same majority required for the initial election of an external Director (as described below).

6.3.4.4 Election and Removal of External Directors
While independent Directors may be elected by an ordinary majority, external Directors must be elected by a special majority of Shareholders.

The Companies Law provides that external Directors must be elected by a majority vote of the shares present and voting at a Shareholders’ meeting, provided that either:
- such majority includes a “disinterested majority”, being a majority of the shares held by all Shareholders who are not controlling Shareholders and do not have a “personal interest” in the election of the external Director (other than a personal interest not deriving from a relationship with a controlling Shareholder) that are voted at the meeting, excluding abstentions; or
- the total number of Shares voted against the election of the external Director by non-controlling Shareholders and by Shareholders who do not have a “personal interest” in the election of the external Director (other than a personal interest not deriving from a relationship with a controlling Shareholder) does not exceed 2% of the aggregate voting rights in the Company.

If an external director is proposed for re-election for his/her second or third term, then both voting alternatives described above must be satisfied.

Please refer to Section 6.3.3.5 for the definition of “controlling shareholder” and 6.3.3.6 for the definition of a “personal interest.”

1. A Director is deemed to have professional qualifications if he or she has:
   - an academic degree in economics, business management, accounting, law or public administration,
   - an academic degree or has completed other higher education in the primary field of business of the company or a field which is relevant to his or her position in the company, or
   - at least five years of experience serving in one of the following capacities, or at least five years cumulative experience serving in two or more of the following capacities:
     - a senior business management position in a company with a significant volume of business;
     - a senior position in a company’s primary field of business, or
     - a senior position in public administration or service.

2. A Director with accounting and financial expertise is a Director who, due to his or her education, experience and skills, possesses an expertise in, and an understanding of, financial and accounting matters and financial statements, such that he or she is able to understand the financial statements of the Company and initiate a discussion about the presentation of financial data.
6 KEY PEOPLE, INTERESTS AND BENEFITS

6.3.4.5 What is a controlling shareholder?
The term “controlling shareholder” is defined in the Companies Law as a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. 3

A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its general manager.

With respect to certain matters, a controlling shareholder is deemed to include any shareholder that holds 25% or more of the voting rights in a public company if no other shareholder holds more than 50% of the voting rights in the company, but excludes a shareholder whose power derives solely from his or her position as a director of the company or from any other position with the company.

6.3.4.6 What is a personal interest?
The term “personal interest” is defined in the Companies Law as a person’s or entity’s personal interest in an act or a transaction of a company, including the personal interest of:

- a relative of the person; and
- an entity in which the person or entity or any relative of the person serves as a director or the chief executive officer, owns at least 5% of its issued share capital or voting rights or has the right to appoint one or more directors or the chief executive officer, but excluding a personal interest arising solely from the ownership of shares in the company.

In the case of a person voting by proxy, “personal interest” includes the personal interest of the shareholder granting the proxy or the proxy holder (even if the proxy holder has no personal interest in the matter), whether or not the proxy holder has discretion how to vote.

External Directors may be removed from office by a special general meeting of Shareholders called by the Board of Directors, which approves such dismissal by the same shareholder vote percentage required for their election or by an Israeli court, at a request of a director or a shareholder.

In each case, external Directors may only be removed under limited circumstances, including ceasing to meet the statutory qualifications for appointment, or violating their duty of loyalty to the Company.

If an external directorship becomes vacant and there are fewer than two external Directors on the Board of Directors at the time, then the board of directors is required under the Companies Law to call a Shareholders’ meeting as soon as possible to appoint a replacement external Director.

6.3.4.7 Disqualification of External Directors
The Companies Law provides that a person is not qualified to serve as an external director if:

- that person is a controlling shareholder of the company;
- that person is a relative of a controlling shareholder of the company, or
- if that person or his or her relative, partner, employer, another person to whom he or she was directly or indirectly subject, or any entity under the person’s control, has or had, during the two years preceding the date of appointment as an external director:
  - any affiliation or other disqualifying relationship with the company, with any person or entity controlling the company or a relative of such person, or with any entity controlled by or under common control with the company; or
  - in the case of a company with no shareholder holding 25% or more of its voting rights, had at the date of appointment as an external director, any affiliation or other disqualifying relationship with a person then serving as chairman of the board or chief executive officer, a holder of 5% or more of the issued share capital or voting power in the company or the most senior financial officer.

Under the Companies Law, the term “affiliation” and the similar types of disqualifying relationships include (subject to certain exceptions):

- an employment relationship;
- a business or professional relationship even if not maintained on a regular basis (excluding insignificant relationships);
- control; and
- service as an office holder (excluding service as a director in a private company prior to the initial public offering of its shares, if such director was appointed as a director of the private company in order to serve as an external director following the initial public offering).

Sophie Karzis and Shimon Shoval have been appointed as directors of the Company in order to serve as external directors following the Offers.

In addition, a person may not serve as an external director if:

- that person’s position or professional or other activities create, or may create, a conflict of interest with that person’s responsibilities as a director or otherwise interfere with that person’s ability to serve as a director;
- he or she received direct or indirect compensation from the company, including amounts paid pursuant to indemnification or exculpation contracts or commitments and insurance coverage for his or her service as an external director, other than as permitted by the Companies Law and the regulations made thereunder;

3. The term “office holder” is defined under the Companies Law as the chief executive officer (referred to in the Companies Law as the general manager), chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of that person’s title, a director, or a manager directly subordinate to the general manager.

4. The term “relative” is defined under the Companies Law as a spouse, sibling, parent, grandparent or descendant; spouse’s sibling, parent or descendant; and the spouse of each of the foregoing persons.
The person is an employee of the Israel Securities Authority or of an Israeli stock exchange; or
that person serves as a director in another company, and an external director of such other company serves at that time as a director of the Company.

Under the Companies Law, exculpation, indemnification and insurance of office holders in a public company must be approved by the Remuneration and Nomination Committee and the board of directors and, with respect to certain office holders (including, inter alia, all directors) or under certain circumstances, by the shareholders.

6.3.5 Board Charter
The Company has approved a Board Charter to apply on a Listing. The Board Charter sets out:
- the composition and operation of the Board;
- the roles and responsibilities of the Board, Chair, company secretary, committees and management; and
- the delegation of authority by the Board to management and Board committees.

The Board's role is to:
- overseeing and appraise the Company's strategies, policies and performance;
- optimise the Company's performance and build sustainable value for Shareholders;
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure that Shareholders are kept informed of the Company's performance and major developments.

Matters which are specifically reserved for the Board or its committees include:
- appointment and removal of the Chairman and company secretary;
- appointment and removal of the Executive Chairman and company secretary;
- ratifying the appointment and removal of senior executives;
- approving the remuneration policies and framework and determining whether the remuneration and conditions of service of senior executives are appropriate and consistent with the approved remuneration policies and framework;
- establishing and monitoring succession planning;
- setting the specific limits of authority for management;
- calling meetings of Shareholders; and
- approving criteria for assessing performance of senior executives and monitoring and evaluating their performance.

The Chief Executive Officer is responsible for running the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out these responsibilities, the Chief Executive Officer must report to the Board in a timely and clear manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

The role of management is to support the Chief Executive Officer and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

6.3.6 Board committees
The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board will establish an Audit and Risk Management Committee, a Remuneration and Nomination Committee and a Disclosure Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

Under the Board Charter, director's performance evaluations will occur annually.

Under the Companies Law, each committee of the board of directors that exercises the power of the board of directors must include at least one external director, except that the audit committee and the compensation (remuneration) committee must include all external directors then serving on the board of directors.

The proposed composition and functions of Company's established committees are described below. Members serve on these committees until their resignation or until otherwise determined by the Board.

6.3.6.1 Audit and Risk Management Committee
Under its charter, the Audit and Risk Management Committee must be of sufficient size, independence and technical expertise to discharge its mandate effectively. The Audit and Risk Management Committee must have at least three members, a majority of whom (including the chair) must be independent (and “unaffiliated” (as such term is explained below)) and all of whom must be non-executive Directors and shall include all of the external Directors (as per the Companies Law requirement). A member of the Audit and Risk Management Committee, who does not chair the Board, shall be appointed the chair of the Committee.

Under the Companies Law, the Audit and Risk Management Committee (or “audit committee”, according to the terminology of the Company’s Law) may not include the chairman of the board of directors, a controlling shareholder of the company, a relative of a controlling shareholder, a director employed by the company or who provides services on a regular basis to the company, to a controlling shareholder or to an entity controlled by a controlling shareholder, or a director who derives most of his or her income from a controlling shareholder.

Therefore, the Audit and Risk Management Committee will comprise of Sophie Karzis, Amihai Beer and Shimon Shoval who will act as chair who is an external Director (as per the Companies Law requirement). In accordance with its charter, it is intended that all members of the Committee should be financially literate and have familiarity with financial management, and at least one member should have relevant qualifications and experience. The Board assessed that Shimon Shoval possess such relevant financial expertise qualifications and experience.
The primary role of the Audit and Risk Management Committee includes:
- overseeing the Company’s process of internal control structure, continuous disclosure, financial and non-financial risk management systems, and compliance and external audit;
- providing advice to the Board and reports on the status and management of the risks to the Company, to ensure the that risks are identified, assessed and appropriately managed;
- monitoring the Company’s compliance with laws and regulations and the Company’s codes of conduct and ethics; and
- encouraging effective relationships with, and communication between, the Board, management and the Company’s external auditor.

The Board has adopted a policy regarding the services that the Company may obtain from its auditor. It is the policy of the Company that its external auditor:
- must be independent of the Company and the Directors and senior executives. To ensure this, the Company requires a formal confirmation of independence from its external auditor on an annual basis; and
- may not provide services to the Company that are, or are perceived to be, materially in conflict with the role of the external auditor. Non-audit or assurance services that may impair, or appear to impair, the external auditor’s independence are not appropriate. However, the external auditor may be permitted to provide additional services which are, and are not perceived to be, materially in conflict with the role of the auditor, if the Board or Audit and Risk Management Committee has approved those additional services.

In addition, under the Companies Law, the audit committee of a publicly traded company must consist of a majority of unaffiliated directors, within the meaning of the Companies Law. In general, an “unaffiliated director” under the Companies Law is defined as either an external director or a director who meets the following criteria:
- the audit committee has determined that he or she meets the applicable qualifications for being appointed as an external director, except for (i) the requirement that the director be an Israeli resident (which does not apply to companies such as ours whose securities have been offered outside of Israel or are listed outside of Israel) and (ii) the requirement for possessing accounting and financial expertise or professional qualifications; and
- he or she has not served as a director of the company for a period exceeding nine consecutive years. For this purpose, a break of less than two years in the service shall not be deemed to interrupt the continuation of the service.

Under the Companies Law, an audit committee is responsible for:
- determining whether there are deficiencies in the business management practices of the Company, including in consultation with its internal auditor or the independent auditor, and making recommendations to the Board of Directors to improve such practices;
- determining whether to approve certain related party transactions (including transactions in which an office holder has a personal interest) and whether such transaction is extraordinary or material under the Companies Law;
- determining the process for the approval of certain transactions with controlling Shareholders or in which a controlling Shareholder has a personal interest;
- where the Board of Directors approves the working plan of the internal auditor, to examine such working plan before its submission to the Board of Directors and proposing amendments thereto;
- examining the Company’s internal controls and internal auditor’s performance, including whether the internal auditor has sufficient resources and tools to dispose of its responsibilities;
- examining the scope of its auditor’s work and compensation and submitting a recommendation with respect thereto to the Company’s Board of Directors or shareholders, depending on which of them is considering the compensation of the Company’s auditor; and
- establishing procedures for the handling of employees’ complaints as to the management of the Company’s business and the protection to be provided to such employees.

The Company’s Audit and Risk Management Committee may not approve any actions requiring its approval, unless, at the time of the approval, a majority of the committee’s members are present, which majority consists of unaffiliated Directors including at least one external Director.

6.3.6.2 Disclosure Committee
Pursuant to the Company’s Disclosure and Communication Policy, the Company will establish a Disclosure Committee. Under its charter, this Committee must have at least three members consisting of the Company Secretary and two independent Directors, and at least one external director. The Disclosure Committee will be responsible for considering disclosures of potentially market sensitive information to be made by the Company, and providing assurance to the Board that all potentially market sensitive information has been assessed for compliance with the Company’s continuous disclosure obligations. The Committee will comprise of Sophie Karzis, Amihai Beer, Shimon Shoval who will act as chair and Kobe Li (the company secretary).
6.3.6.3 Remuneration and Nomination Committee
In order to comply with the Companies Law following the closing of the Offer, the Company shall maintain a Remuneration and Nomination Committee (or "compensation committee", according to the Company’s Law terminology) consisting of at least three Directors, including all of the external Directors, who must constitute a majority of the members of the committee. Under its charter and the Companies Law, this Committee must have at least three members, a majority of whom (including the chair) must be independent and all of whom must be non-executive Directors and shall include all of the external Directors.

The Committee will comprise of Sophie Karzis, Amihai Beer and Shimon Shoval who will act as chair and who is an external Director (as per the Company’s Law requirement), of which Sophie Karzis and Shimon Shoval are considered independent directors. In accordance with its charter, it is intended that at least one member will have expertise in remuneration.

The main functions of the Remuneration and Nomination Committee are to assist the Board with a view to establishing a Board of effective composition, size, diversity, experience and commitment to adequately discharge its responsibilities and duties, and assist the Board with a view to discharging its responsibilities to Shareholders and other stakeholders to seek to ensure that the Company:

- has coherent remuneration policies and practices which enable the Company to attract and retain executives and Directors who will create value for Shareholders, including succession planning for the Board and executives;
- fairly and responsibly remunerate Directors and executives, having regard to the performance of the Company, the performance of the executives and the general remuneration environment;
- has policies to evaluate the performance of the Board, individual Directors and executives on (at least) an annual basis; and
- has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet the Company’s needs.

The Remuneration and Nomination Committee will meet as often as is required by its Charter or other policy approved by the Board to govern the operation of the Committee. Following each meeting, the Committee will report to the Board on any matter that should be brought to the Board’s attention and on any recommendation of the Committee that requires Board approval.

Each Remuneration and Nomination Committee member who is not an external Director must be a Director whose compensation does not exceed an amount that may be paid to an external Director under regulations promulgated under the Companies Law. The Remuneration and Nomination Committee is subject to the same Companies Law restrictions as the audit committee regarding who may not be a member of the committee.

Under the Companies Law, the Remuneration and Nomination Committee is responsible for:

- recommending to the Board of Directors for its approval:
  - a compensation policy;
  - whether a compensation policy should continue in effect, if the then-current policy has a term of greater than three years (approval of either a new compensation policy or the continuation of an existing compensation policy must in any case occur every three years); and
  - periodic updates to the compensation policy.
- periodically examining the implementation of the compensation policy;
- the approval of the terms of employment and service of office holders (including determining whether the compensation terms of a candidate for chief executive officer of the Company need not be brought to approval of the Shareholders); and
- reviewing and approving grants of Options and other incentive awards to persons other than office holders to the extent such authority is delegated by the Board of Directors, subject to the limitations on such delegation as provided in the Companies Law.

6.3.6.4 Compensation Policy
Under the Companies Law, the duties of the Remuneration and Nomination Committee include the recommendation to the Company’s board of directors of a policy regarding the terms of engagement of office holders, as such term is defined in the Companies Law, which is referred to as a “compensation policy”, and any extensions and updates to that policy.

The compensation policy must be adopted by the Company’s Shareholders, which approval requires what is referred to as a Special Approval for Compensation.
The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must relate to certain factors, including advancement of the Company’s objectives, the Company’s business plan and its long-term strategy, and creation of appropriate incentives for office holders, and must consider (among other things) the Company’s risk management, size and the nature of its operations.

The compensation policy must also consider the following additional factors:
- the education, skills, expertise and accomplishments of the relevant office holder;
- the office holder’s roles and responsibilities and prior compensation agreements with him or her;
- the relationship between the terms offered and the average compensation of the other employees of the Company (including any employees employed through manpower companies);
- the impact of disparities in salary upon work relationships in the Company;
- the possibility of reducing variable compensation at the discretion of the Board of Directors, and the possibility of setting a limit on the exercise value of non-cash variable equity-based compensation; and
- as to severance compensation, the period of employment or service of the office holder, the terms of his or her compensation during such period, the Company’s performance during such period, the person’s contribution towards the Company’s achievement of its goals and the maximisation of its profits, and the circumstances under which the person is leaving the Company.

The compensation policy must also include the following principles:
- the link between variable compensation and long-term performance and measurable criteria;
- the relationship between variable and fixed compensation, and the ceiling for the value of variable compensation;
- the conditions under which an office holder would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was required to be restated in the Company’s financial statements;
- the minimum holding or vesting period for variable, equity-based compensation; and
- maximum limits for severance compensation.

6.3.7 Internal Auditor
Under the Companies Law, the board of directors of an Israeli public company must appoint an internal auditor nominated by the audit committee. The role of the internal auditor under the Companies Law is to examine whether a company’s actions comply with applicable law and orderly business procedure.

The Company’s internal auditor may be one of its employees, but cannot be an interested party, office holder, affiliate or a relative of an interested party or an office holder, and cannot be its independent accountant or its representative. The Companies Law defines an “interested party” as the holder of 5% or more of a company’s outstanding shares, any person or entity who has the right to appoint one or more of a company’s directors, the chief executive officer or any person who serves as a director or chief executive officer. The Company intends to appoint an internal auditor following the closing of the Offer.

6.3.8 Corporate Governance Principles and Policies
6.3.8.1 Disclosure and Communication Policy
Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to immediately disclose to the ASX any information concerning the Company which is not generally available and which, if it was made available, a reasonable person would expect to have a material effect on the price or value of the Company’s securities, once the Company is aware of such information. The Company is committed to observing its continuous disclosure obligations under the ASX Listing Rules.

The Company has adopted a Disclosure and Communication Policy to take effect from Listing, which establishes procedures to ensure that Directors and senior management are aware of, and fulfil their obligations in relation to continuous disclosure, including the timely, full and accurate disclosure of material price-sensitive information when required. The Disclosure and Communication Policy also sets out procedures for communicating with Shareholders, the media and the market. Under the Disclosure and Communication Policy, the Company Secretary will be primarily responsible for managing the Company’s compliance with its continuous disclosure obligations, with the Company Secretary responsible for Shareholder, media and market communications.
6.3.8.2 Securities Trading Policy
The Company has adopted a Securities Trading Policy which will apply to the Company and its Directors, officers, employees and senior management, including those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly.

The Policy is intended to explain the types of conduct in relation to dealings in the securities of the Company that is prohibited under the ASX Listing Rules and establish procedures in relation to Directors, senior management or employees dealing in the securities.

Subject to certain exceptions, including exceptional financial circumstances, the Securities Trading Policy defines certain “closed periods” during which trading in securities of the Company by the Directors, officers and certain employees is prohibited. Those closed periods are currently defined as the following periods:
- the Company’s year end until the business day after the release of the full year results;
- the Company’s half year end until the business day after the release of the half yearly results; and
- any additional periods imposed by the Board from time to time (for example when the Company is considering matters which are subject to ASX Listing Rule 3.1A).

Outside of these periods, Directors, senior management and certain employees must receive clearance for any proposed dealing in securities of the Company. In all instances, buying or selling securities of the Company is not permitted at any time by any person who possesses price-sensitive information concerning the Company.

6.3.8.3 Code of Conduct
The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct, to take effect from listing on the ASX, to be followed by all employees, contractors and officers. The key aspects to the code are to:
- act with, honesty, integrity and fairness, and in the best interests of the Company as a whole;
- act in strict compliance with all applicable laws, regulations, policies and procedures;
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices;
- avoid conflicts of interest; and
- use the Company’s resources and property properly.

The Code of Conduct outlines the Company’s policies on various matters including protection of confidential information, avoiding conflicts of interest, ethical conduct, business and personal conduct, privacy and financial integrity.

6.3.8.4 Communications with Shareholders
The Board aims to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and that Shareholders are properly informed of all major developments affecting the affairs of the Company. The Company is required by law to communicate to Shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on the Company’s website, www.nicevend.com/investors.

The Company’s website will also contain information about the Company, including media releases, key policies and the charters of Board committees.

6.3.8.5 Risk Management Statement
The identification and proper management of the Company’s risks are an important priority of the Board. The Board has adopted a Risk Management Statement appropriate for its business, which will ensure appropriate systems are implemented to identify material risks that may impact on the Company’s business and delegate appropriate responsibilities to control any identified risk. This will also ensure that any material changes to the Company’s risk profile will be disclosed in accordance with the Company’s Disclosure and Communication Policy.

The Board will be responsible for overseeing and approving the Company’s risk management strategy and policies, monitoring risk management, and establishing procedures which seek to provide assurance that major risks to the business are identified, assessed and appropriately addressed. The Board may delegate these functions to the Audit and Risk Management Committee or a separate risk committee in the future.

The Board will regularly undertake review of its risk management procedures to ensure that it complies with its legal obligations.
DETAILS OF THE OFFER
7 DETAILS OF THE OFFER

7.1 THE OFFERS
This Prospectus relates to the Offers comprising of:

a) The Public Offer (comprising of the Broker Firm Offer and the Institutional Offer); and
b) The Promoter Offer.

The Company is undertaking a Public Offer of a minimum of 25,000,000 shares and up to 37,500,000 Shares at $0.20 per Share to raise a minimum of $5 million and up to $7.5 million, before costs. The Shares to be issued under this Prospectus will represent approximately 33% of Shares on issue upon Completion of the Offers (assuming that the Maximum Subscription is raised but that no Options are exercised).

The Offers are made on the terms, and is subject to the conditions, set out in this Prospectus. All Shares will rank equally with each other.

The Offers are made to raise the necessary funds required by the Company, and will be applied towards the Company’s working capital requirements.

Please refer to the Key Offer Details section for the Opening Date and Closing Dates for the Public Offer, and refer to Section 7.3.2 for details on how to apply for Shares pursuant to the Public Offer.

7.1.1 Public Offer and purpose
The Public Offer comprises the Broker Firm Offer and the Institutional Offer, each described below:

a) the Broker Firm Offer, which consists of an offer to Australian resident retail clients of Brokers, who have received a firm allocation from their Broker; and
b) the Institutional Offer, which consists of an offer to Institutional Investors in Australia and certain other jurisdictions around the world, made under this Prospectus.

The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by agreement between the Company and the Lead Manager, having regard to the allocation policies outlined in Sections 7.3.4 and 7.4.2.

No general public offer of Shares will be made under the Public Offer.

The purpose of the Public Offer is to:

a) pay fees associated with the listing of the Company and listing of the Shares offered under this Prospectus; 
b) fund the expenses of the Offers and the associated costs of listing the Company on ASX;
c) provide funds for sales and marketing operations;
d) meeting the ongoing administrative costs of the Company and provide working capital; and

The expected use of the proceeds represents Nice-Vend’s current intentions based upon present plans and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend on numerous factors, including the timing and success of Nice-Vend’s commercialisation activities.
## 7 DETAILS OF THE OFFER

<table>
<thead>
<tr>
<th>Use of Funds – for period from listing to December 2019</th>
<th>Investment of $5.0m</th>
<th></th>
<th>Investment of $7.5m</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US $’000</td>
<td>$’000</td>
<td>%</td>
<td>US $’000</td>
</tr>
<tr>
<td><strong>Sources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from the Offer</td>
<td>139</td>
<td>188</td>
<td>3.6%</td>
<td>139</td>
</tr>
<tr>
<td>Expected cash at IPO date</td>
<td>3,700</td>
<td>5,000</td>
<td>96.4%</td>
<td>5,550</td>
</tr>
<tr>
<td>Total Sources of cash</td>
<td>3,839</td>
<td>5,188</td>
<td>100.0%</td>
<td>5,689</td>
</tr>
<tr>
<td>Cash costs of the Offers</td>
<td>675</td>
<td>912</td>
<td>17.6%</td>
<td>788</td>
</tr>
<tr>
<td>Sales &amp; marketing</td>
<td>501</td>
<td>678</td>
<td>13.1%</td>
<td>837</td>
</tr>
<tr>
<td>Ongoing R&amp;D</td>
<td>210</td>
<td>283</td>
<td>5.5%</td>
<td>357</td>
</tr>
<tr>
<td>Countertop R&amp;D</td>
<td>401</td>
<td>542</td>
<td>10.4%</td>
<td>510</td>
</tr>
<tr>
<td>Repayment of shareholder loan</td>
<td>671</td>
<td>907</td>
<td>17.5%</td>
<td>671</td>
</tr>
<tr>
<td>Capex</td>
<td>40</td>
<td>54</td>
<td>1.0%</td>
<td>288</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,498</td>
<td>3,376</td>
<td>65.1%</td>
<td>3,451</td>
</tr>
<tr>
<td>Working capital not intended to be used in the relevant period</td>
<td>1,341</td>
<td>1,812</td>
<td>34.9%</td>
<td>2,238</td>
</tr>
<tr>
<td><strong>Total uses of cash</strong></td>
<td>3,839</td>
<td>5,188</td>
<td>100.0%</td>
<td>5,689</td>
</tr>
</tbody>
</table>

The Directors believe that the Company’s current cash reserves plus the net proceeds of the Public Offer will be sufficient to fund the Company’s key objectives as set out in this Prospectus through to December 2019.

The Company projects that it will have at least $2.0 million in funds 12 months following the Listing.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including commercialisation success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis. It should also be noted that there may be differences between estimated and actual costs, because events and circumstances frequently do not occur as expected and those differences may be material. In this regard, you should read carefully and consider the risk factors set out in Section 5 of this Prospectus.

### 7.1.3 Promoter Offer and purpose

This Prospectus also includes a Promoter Offer as follows:

- to the Financial Advisor, an advisory fee of US$400,000 (including any applicable GST) (approximately $540,540), to be satisfied via an issue of 2,702,703 Shares; and
- to the Lead Manager and Financial Advisor, an offer of options equal to, in aggregate, 15% of the total Shares issued to investors originated by the Lead Manager or referred by the Financial Advisor. The Shares subject to these options once exercised will equate to approximately 4.76% of the market capitalisation of the Company following the completion of the Listing (assuming that the Maximum Subscription is achieved).

The Promoter Offer is a separate offer to the Lead Manager and/or Financial Advisor only.

The options offered will have a 3 year expiry and shares under the options will be issued at a 25% premium to the raising price.

No funds will be raised from the issue of the Shares or options under the Promoter Offer.
7 DETAILS OF THE OFFER

7.1.4 Existing Shareholders
As at the date of this Prospectus, the Company has 72,314,987 Shares on issue, held by the following Shareholders:
- the key employees, Board members and related parties of the Company hold 34,484,376 Shares, which will constitute 30.65% of the Company’s share capital following the successful completion of the Offers (assuming that the Maximum Subscription is achieved but that no Options are exercised); and
- unrelated seed shareholders hold 37,830,611 Shares, which will constitute 33.62% of the Company’s share capital (assuming that the Maximum Subscription is achieved but that no Options are exercised).

A further 5,706,250 unissued Shares have been reserved but remain unallocated under the 2017 Share Option Plan.

The Company currently has 4,305,162 Options on issue, comprising:
- 1,333,893 Options issued to Ehud (Udi) Klier;
- 1,308,786 Options issued to other employees and service providers of the Company and Elviento under the 2009 Share Option Plan; and
- 1,662,482 Options issued to the Financial Advisor.

The Company has agreed to issue up to 5,625,000 Options to the Lead Manager and Financial Advisor under the Promoter Offer (if the Maximum Subscription is raised). The Company has also agreed to issue 2,702,703 shares to the Financial Advisor under the Promoter Offer. Further, the Company has agreed to issue up to 10,135,122 Shares to a pre-IPO investor, Saifan Bosmat Ltd. Further details of this right are set out in Section 9.3.3.

7.1.5 Corporate structure of Nice-Vend
The following diagram represents the Nice-Vend Group’s corporate structure at the date of this Prospectus.

7.1.6 Substantial Shareholders
Shareholders holding or controlling 5% or more of the Shares on issue as at the date of this Prospectus are set out below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares pre-Offer</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israel Rozental</td>
<td>9,946,724</td>
<td>13.8%</td>
</tr>
<tr>
<td>Yehuda Nir</td>
<td>9,119,455</td>
<td>12.6%</td>
</tr>
<tr>
<td>Sdot Yam</td>
<td>7,354,991</td>
<td>10.2%</td>
</tr>
<tr>
<td>Niri Klier¹</td>
<td>5,627,458</td>
<td>7.8%</td>
</tr>
<tr>
<td>The Trust Company (Australia) Ltd</td>
<td>4,173,551</td>
<td>5.8%</td>
</tr>
<tr>
<td>Dan Zimerman</td>
<td>5,222,132</td>
<td>7.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41,444,311</strong></td>
<td><strong>57.3%</strong></td>
</tr>
</tbody>
</table>

¹. Niri Klier holds 4,163,052 Shares directly and 1,464,406 Shares through CD COIN.COM Ltd, an entity controlled by him.
2. Assuming that no Options have been exercised.
Those Shareholders holding or controlling 5% or more of the Shares on issue following Completion are set out below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares 1</th>
<th>Min raise (approximate % of Shares post-Offer) 2</th>
<th>Max raise (approximate % of Shares post-Offer) 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israel Rozental</td>
<td>9,946,724</td>
<td>9.9%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Niri Klier</td>
<td>5,627,458</td>
<td>5.6%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Yehuda Nir</td>
<td>9,119,455</td>
<td>9.1%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Sdot Yam</td>
<td>7,354,991</td>
<td>7.4%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

1. Assuming that these Shareholders do not subscribe for Shares under the Public Offer.
2. Assuming that no Options have been exercised.

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

7.1.7 Financial and other information about Nice-Vend

The Company’s Pro Forma Historical Statement of Financial Position following Completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.

The Company’s capitalisation and indebtedness as at 31 December 2017, before and following Completion of the Offers, are set out in Section 4.

The Directors believe that, on Completion of the Offer, the Company will have sufficient funds available to fulfil the purposes of the Offer and meet its stated business objectives.

7.2 TERMS AND CONDITIONS OF THE PUBLIC OFFER

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the type of security being offered?</td>
<td>Shares in Nice-Vend Ltd.</td>
</tr>
<tr>
<td>What are the rights and liabilities attached to the Shares being offered?</td>
<td>A description of the Shares, including the rights and liabilities attaching to the Shares, is set out in Section 7.12.</td>
</tr>
<tr>
<td>What is the consideration payable for the Shares?</td>
<td>The Offer Price is $0.20 per Share.</td>
</tr>
<tr>
<td>What is the Offer period?</td>
<td>The key dates, including the details of the Offer period, are set out on page 4.</td>
</tr>
<tr>
<td>What are the cash proceeds to be raised?</td>
<td>A minimum of $5 million and up to $7.5 million.</td>
</tr>
<tr>
<td>What is the minimum and maximum Application size under the Broker Firm Offer?</td>
<td>The minimum Application size under the Broker Firm Offer is $2,000, being an Application for 10,000 Shares. There is no maximum Application size under the Broker Firm Offer, subject to any restrictions pursuant to section 611 of the Corporations Act 2001 (Cth).</td>
</tr>
<tr>
<td>What is the allocation policy?</td>
<td>The allocation of the Shares between the Broker Firm Offer and the Institutional Offer will be determined by agreement between the Company and the Lead Manager. With respect to the Broker Firm Offer, it is a matter for the Brokers (and not the Company) how they allocate Shares amongst eligible retail clients. The allocation of Shares under the Institutional Offer will be determined by agreement between the Company and the Lead Manager.</td>
</tr>
<tr>
<td>When will I receive confirmation whether my Application has been successful?</td>
<td>It is expected that initial holding statements will be mailed by standard post on or about 28 September 2018.</td>
</tr>
<tr>
<td></td>
<td>If the minimum of $5 million is not raised, all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.</td>
</tr>
</tbody>
</table>
## 7 DETAILS OF THE OFFER

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
</tr>
</thead>
</table>
| **Will the Shares be quoted?** | The Company will apply for admission to the Official List of the ASX and quotation of Shares on ASX under the code “NVD.”

Completion of the Offers are conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offers will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by us from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit us to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription. |
| **When are the Shares expected to commence trading?** | It is expected that trading of the Shares on the ASX will commence on 2 October 2018.

It is the responsibility of each Applicant to confirm their holding before trading in Shares.

Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.

The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, even if such person received confirmation of allocation from the Share Registry, by a Broker or otherwise. |
| **Is the Public Offer underwritten?** | No. |
| **Are there any escrow arrangements?** | Yes. Details are provided in Section 7.7. |
| **Have any ASX confirmations or ASIC modifications been obtained or relied on?** | The Company has applied to the ASX for a waiver of ASX Listing Rule 1.1 Condition 12 with respect to the Options held by the Financial Advisor at the date of this Prospectus which Options have an exercise price of less than $0.20 each. |
| **Are there any taxation considerations?** | Yes. Please refer to Sections 7.14.7 and 9.5 and note it is recommended that all potential investors consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances. |
| **Are there any brokerage, commission or stamp duty considerations?** | No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offers.

See Sections 9.3.1 and 9.3.2 for details of various fees payable by the Company to the Lead Manager and the Financial Advisor. The Company also intends, to the extent any Applications for the Public Offer are received from Israeli resident investors or parties associated with the Company, to provide a fee to the relevant Investment Advisor or Portfolio Manager, equivalent to 5% of the amount invested plus a number of the Promoter Options equal to 10% of the amount invested. |
| **What should I do with any enquiries?** | Enquiries in relation to this Prospectus may be directed to the Share Registry on 1300 737 760 (toll free within Australia) or +61 2 9290 9600 (outside Australia) from 9am until 5pm (Melbourne time) Monday to Friday.

Enquiries in relation to the Broker Firm Offer should be directed to your Broker.

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest. |
7 DETAILS OF THE OFFER

7.3 BROKER FIRM OFFER

7.3.1 Who May Apply
The Broker Firm Offer constituted by this Prospectus in electronic form is available only to persons with a registered address within Australia and who have a firm allocation of Shares from their Broker. If you have been offered a firm allocation of Shares by a Broker, you will be treated as an Applicant under the Broker Firm Offer in relation to that allocation. You should contact your Broker to determine whether you may be allocated Shares under the Broker Firm Offer.

7.3.2 How to Apply
Applications for new Shares offered under the Broker Firm Offer may only be made on the Public Offer Application Form attached to and forming part of this Prospectus. Please read the instructions on the Application Form carefully before completing it.

Applications for Shares under the Broker Firm Offer must be made using the Application Form. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form and Application Monies with the Broker from whom you received your firm allocation of Shares. Applicants under the Broker Firm Offer must not be sent to the Share Registry.

Applications for Shares under the Broker Firm Offer must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares and payment for the Shares must be made in full at the issue price of $0.20 per Share. The Company and Lead Manager reserve the right to aggregate any applications which they believe are multiple applications from the same person, or to reject or scale back any applications.

A completed Application Form is an offer by an Applicant to the Company to apply for the amount of Shares specified in the Application Form on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

The Company reserves the right to decline any Application and all Applications in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded. Acceptance of an Application will give rise to a binding contract.

Completed Application Forms and accompanying payment as detailed on the Application Forms or by cheques, made payable to “NICE-VEND LTD” and crossed “Not Negotiable”, must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date. The Company and the Lead Manager may elect to extend the Offer or any part of it, or to accept late applications in particular cases or generally. The Offer, or any part of it, may be closed at an earlier date or time without notice, or your Broker may impose an earlier closing date. Applicants are therefore encouraged to submit their Application Forms as soon as possible. Please contact your Broker for instructions.

The Promoter Offer is made solely to, and is only capable acceptance by, the Financial Advisor and/or Lead Manager (as applicable). A personalised application form will be provided to the Financial Advisor and Lead Manager together with a copy of this Prospectus.

7.3.3 How to pay
Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions received from their Broker.

7.3.4 Broker Firm allocation policy
The allocation of firm stock to Brokers has been determined by agreement between the Company and the Lead Manager. Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants who have received a valid allocation of Shares from those Brokers (subject to the right of the Company and the Lead Manager to reject or scale back Applications). It will be a matter for those Brokers how they allocate Shares among their retail clients and they (and not the Company) will be responsible for ensuring that retail clients, who have received an allocation of Shares from them, receive the relevant Shares.

7.3.5 Application Monies
Application Monies received under the Broker Firm Offer will be held in a special purpose account until Shares are issued or transferred to successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in the Company’s discretion provided with) a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any Application Monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

7.3.6 Announcement of final allocations in Broker Firm Offer
Applicants in the Broker Firm Offer will be able to confirm their allocation through the Broker from whom they received their allocation.
7 DETAILS OF THE OFFER

7.4 INSTITUTIONAL OFFER

7.4.1 Invitation to Bid
The Institutional Offer is an invitation to Australian resident Institutional Investors and other eligible Institutional Investors in jurisdictions outside the United States to bid for Shares, made under this Prospectus. The Lead Manager separately advised Institutional Investors of the Application procedures for the Institutional Offer.

7.4.2 Institutional Offer allocation policy
The allocation of Shares between the Institutional Offer and the Broker Firm Offer was determined by agreement between the Company and the Lead Manager. The Lead Manager, in consultation with the Company, determined the basis of allocation of Shares among Institutional Investors. Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager.

The allocation policy was influenced by the following factors:
- the number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company’s desire for an informed and active trading market following Listing on ASX;
- the Company’s desire to establish a wide spread of institutional Shareholders;
- overall levels of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long term Shareholders; and
- any other factors that the Company and the Lead Manager considered appropriate.

7.5 RESTRICTIONS ON DISTRIBUTION
No action has been taken to register or qualify this Prospectus, the Shares or the Offers or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States and may only be distributed to persons to whom the Offers may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act laws and any other applicable securities laws.

Each Applicant in the Broker Firm Offer and Institutional 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 of any state of the United States and may not be offered, sold or resold in the United States;
- it is not in the United States;
- it has not and will not send the Prospectus or any other material relating to the Offers to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.6 ACKNOWLEDGEMENTS
Each Applicant under the Offers will be deemed to have:
- agreed to become a member of the Company and to be bound by the terms of the Articles of Association and the terms and conditions of the Offers;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) accompanying the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that once the Company receives an Application Form it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Lead Manager and their respective Officers or agents, 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;
- acknowledged that, in some circumstances, the Company may not pay dividends;
- acknowledged that any dividends paid by the Company may be unfranked or only partially franked and that the unfranked portion of any such dividends may not attach conduit foreign income;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not investment advice or taxation advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs of the Applicant(s); and
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer).
7 DETAILS OF THE OFFER

7.7 RESTRICTED SECURITIES
Subject to the Company being admitted to the Official List, certain Securities on issue prior to the Offers will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

No Shares issued under the Public Offer are subject to escrow. However, certain Shares held by seed investors, related parties of the Company and promoters will be subject to ASX imposed escrow for a period of up to 24 months following Official Quotation.

Shares and options issues to the Financial Advisor and the options issued to the Lead Manager under the Promoter Offer and related parties of the Company will also be subject to ASX imposed escrow for a period of up to 24 months following official quotations.

During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid, which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

In addition to ASX imposed escrow, certain founding and seed Shareholders agreed to enter into voluntary escrow agreements with the Company for an 18 month term commencing upon the admission of the Company to the official list of ASX.

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

7.8 DISCRETION REGARDING THE PUBLIC OFFER
The Company may withdraw the Public Offer at any time before the issue or transfer of Shares to successful Applicants or bidders. If the Public Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest).

The Company and the Lead Manager also reserve the right to close the Public Offer or any part of it early, extend the Public Offer or any part of it, accept late applications or bids either generally or in particular cases, reject any application or bid, or allocate to any Applicant or bidder fewer Shares than applied for or bid for.

7.9 ASIC RELIEF
No ASIC relief or modification of the Corporations Act have been obtained or relied on.

7.10 ASX WAIVERS
The Company has applied for a waiver of ASX Listing Rule 1.1 Condition 12 with respect to the Options held by the Financial Advisor at the date of this Prospectus, which Options have an exercise price of less than $0.20 each.

7.11 ASX LISTING, REGISTERS AND HOLDING STATEMENTS, SETTLEMENT
7.11.1 Application to ASX for listing and quotation of Shares
The Company will apply to the ASX for admission to the Official List and quotation of the Shares on the ASX (which is expected to be under the code “NVD”).

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the 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 Shares offered for subscription under this Prospectus.

If permission is not granted for the Official Quotation of the Shares on the ASX within three months after such application is made (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 us from time to time), the Company will be required to comply with the ASX Listing Rules.

7.11.2 CHESS and issuer sponsored holdings
The Company will apply to participate in the 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 transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the Companies Law requirements), 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 in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, 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 Shareholder Reference Number (SRN) of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under 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 subregister 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 DETAILS OF THE OFFER

7.11.3 Trading and selling Shares on market
It is expected that trading of the Shares on the ASX will commence on or about 2 October 2018.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the Share Registry or confirmed your firm allocation through a Broker.

7.12 DESCRIPTION OF SHARES

7.12.1 Introduction
The rights and liabilities attaching to ownership of Shares are:
- detailed in the Articles of Association of the Company; and
- in certain circumstances, regulated by statute, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Articles of Association are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

7.12.2 Compliance with ASX Listing Rules
The Articles of Association provide that if the ASX Listing Rules require the Articles of Association to contain a provision and they do not contain such a provision, the Articles of Association are deemed to contain that provision.

Similarly, if the ASX Listing Rules require the Articles of Association not to contain a provision and they contain such a provision, the Articles of Association are deemed not to contain that provision.

If any provision of the Articles of Association is or becomes inconsistent with the ASX Listing Rules, the Articles of Association are deemed not to contain that provision to the extent of any inconsistency.

7.12.3 Voting at a general meeting
In general, the Company’s Articles of Association provide that any Shareholders’ resolution shall be deemed adopted if approved by a simple majority of the holders of the ordinary Shares present at the general meeting, including without limitation, a merger of the Company or an amendment to these articles, to the extent permitted by applicable law.

Subject to applicable law, every question submitted to a general meeting shall be decided by a show of hands, by an instrument of proxy, or by written ballot to the extent permitted.

A declaration by the Chairman of the meeting that a resolution has been carried unanimously, or carried by a particular majority, or defeated, and an entry to that effect in the minutes book of the Company, shall be conclusive evidence of the fact without need of proof of the number or proportion of the votes recorded in favour of or against such resolution.

Two or more Shareholders present in person or in proxy and holding in aggregate at least 25% of the voting power of the Company may constitute a quorum at a general meeting. If a quorum is not present within half an hour from the time set, the meeting shall be adjourned to the same day in the next week at the same time and place, or, if not set forth in the notice of the meeting, to such day and at such time and place as the Chairman may determine with the consent of the holders of a majority of the voting power represented at the meeting in person or by proxy and voting on the question of adjournment. If a quorum is not present at the adjourned meeting within half an hour of the time set, any two Shareholders may constitute a quorum. The Chairman shall preside at any general meeting but the office shall not (by itself) entitle the Chairman to vote at the meeting (unless voting as a holder of Shares or proxy of a Shareholder).

Each Shareholder shall have one vote for each Share registered in their name upon any resolution put to Shareholders. The Shareholders entitled to vote at a general meeting shall be the Shareholders listed in the Company’s register at the record date, and may vote in person or by proxy. Shareholders shall not be entitled to vote unless all calls and other sums payable in respect of their Shares have been paid or their Shares are not fully paid up. In the event of an equality of votes, the Chairman shall not be entitled to a casting vote.

7.12.4 Meetings of shareholders
Under Israeli law and the Company’s Articles of Association, the Company is required to convene an annual general meeting of its Shareholders once every calendar year within a period of not more than 15 months following the preceding annual general meeting. All meetings other than the annual general meeting of Shareholders are referred to in its restated Articles of Association as extraordinary general meetings. The Company’s Board may call extraordinary general meetings whenever it sees fit, at such time and place, within or outside Israel, as it may determine.

In addition, the Companies Law provides that the Company’s Board is required to convene an extraordinary general meeting of its Shareholders at the request of:
- two directors or one quarter of the members of Company’s Board; or
- one or more holders of 5% or more of the share capital and 1% of Company’s voting power or the holder or holders of 5% or more of Company’s voting power.

Shareholders requesting an extraordinary meeting must include in their request all relevant information, including the reason that such subject is proposed to be brought before the extraordinary meeting.
Furthermore, the Companies Law requires that resolutions regarding the following matters be approved by Shareholders at a general meeting:

- amendments to the Company’s Articles of Association;
- appointment, terms of service and termination of service of the Company’s auditors;
- appointment of external directors;
- approval of certain related party transactions;
- increases or reductions of the Company’s authorised share capital;
- mergers; and
- the exercise of the Company’s board of director’s powers by a general meeting, if the Company’s board of directors is unable to exercise its powers and the exercise of any of its powers is essential for the Company’s proper management.

All Shareholder meetings require prior notice of at least 21 days or if the agenda of the meeting includes, among other things, the appointment or removal of Directors, the approval of transactions with office holders or interested or related parties, an approval of a merger or the approval of the compensation policy, notice must be provided at least 35 days prior to the meeting.

Subject to the provisions of the Companies Law and its regulations, Shareholders entitled to participate and vote at general meetings are the Shareholders of record on a date to be decided by the Board of Directors, which may be, in cases where the company provides proxies to its shareholders, between four and 40 days prior to the date of the meeting.

The Companies Law allows one or more shareholders holding at least 1% of the voting power of a company to request the inclusion of an additional agenda item for an upcoming shareholders meeting, provided that it is appropriate for discussion at a shareholders meeting. Under regulations applicable to publicly traded Companies, such request must be submitted within three or, for certain requested agenda items, seven days following publication of notice of the meeting. If the requested agenda item includes the appointment of director(s), the requesting shareholder must comply with particular procedural and documentary requirements. If the board of directors of the company determines that the requested agenda item is appropriate for consideration by the shareholders, the company must publish an updated notice that includes such item within seven days following the deadline for submission of agenda items by the shareholders. The Company’s Articles of Association further specifies that the Board of Directors may request that the proposing Shareholder(s) provide any additional information necessary so as to include a matter in the agenda of a General Meeting, as the Board of Directors may reasonably require.

### 7.12.5 Dividends

Subject to the Companies Law, the ASX Listing Rules, the ASX Settlement Operating Rules and the Articles of Association of the Company, the Board may determine that a dividend is payable on Shares. The Board may fix the amount of the dividend, the time for determining entitlements to the dividend and the time and the method of payment of the dividend.

The Company may declare a dividend to be paid to the holders of its Shares in proportion to their respective Shareholdings. Under the Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company’s articles of association provide otherwise. The Company’s restated Articles of Association do not require Shareholder approval of a dividend distribution and provide that dividend distributions may be determined by the Company’s Board of Directors.

Pursuant to the Companies Law, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to the Company’s then last reviewed or audited financial statements, provided that the end of the period to which the financial statements relate is not more than six months prior to the date of the distribution. The Company may otherwise distribute dividends that do not meet such criteria only with court approval. In each case, the Company is only permitted to distribute a dividend if its Board of Directors or the court (if applicable) determines that there is no reasonable concern that payment of the dividend will prevent the Company from satisfying its existing and foreseeable obligations as they become due.

### 7.12.6 Transfer of Shares

Subject to the Articles of Association of the Company, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Articles of Association of the Company or by any other method permitted by the Articles of Association, Companies Law, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares where permitted to do so under the Articles of Association, Companies Law, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Articles of Association, Companies Law, the ASX Listing Rules or the ASX Settlement Operating Rules.

### 7.12.7 Issue of further shares

Subject to the Articles of Association, Companies Law, the ASX Listing Rules and the ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Company may issue, or grant options in respect of, or otherwise dispose of, further shares on such terms and conditions as the Directors resolve.
7 DETAILS OF THE OFFER

7.12.8 Winding up
Subject to the Companies Law, Articles of Association and any special resolution or preferential rights or restrictions attached to any class or classes of shares, members will be entitled on a winding up to a share in any surplus assets of the Company in proportion to the Shares held by them.

A shareholder resolution approved by 75% of the voting shares represented at a shareholders’ meeting in person or by proxy is required to approve the voluntary winding up of the Company.

If the Company is to be wound up, liquidated or dissolved, then, subject to applicable law and to the rights of the holders of shares with special rights upon winding up, if any, the assets of the Company legally available for distribution among the shareholders, after payment of all debts and other liabilities of the Company, shall be distributed to the Shareholders in proportion to the nominal value of their respective holdings of the shares in respect of which such distribution is being made, provided, however, that if a class of shares has no nominal value, then the assets of the Company legally available for distribution among the holders of such class shall be distributed to them in proportion of their respective holdings of the shares in respect of which such distribution is made.

7.12.9 Unmarketable parcels
Subject to the Articles of Association, Companies Law, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

7.12.10 Share buy-backs
Subject to the Articles of Association, Companies Law, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may buy back shares in itself on terms and at times determined by the Board.

7.12.11 Variation of class rights
At present, the Company’s only class of shares on issue is ordinary shares. Subject to the Articles of Association, the Companies Law, the ASX Listing Rules and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:
- an ordinary resolution passed by the Company’s Shareholders; and
- approval by the holders of a simple majority of the shares of the affected class.

7.12.12 Directors – appointment and removal
Under the Articles of Association of the Company, the minimum number of Directors that may comprise the Board is four and the maximum may not be more than eight; which includes two external directors. Directors are elected at shareholders’ general meetings of the Company, and serve in office until the close of the next annual general meeting of the Company’s shareholders (except for the external directors, whose tenure is governed by the Companies Law), unless their office becomes vacant earlier in accordance with the provisions of Articles of Association of the Company.

Each Director is elected by a Shareholders’ resolution at the annual general meeting by the vote of the holders of a simple majority of the voting power represented at such meeting; provided, however, that external directors are elected in accordance with the Companies Law.

The Directors may appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

Under the Companies Law, a person who is already serving as a director will not be permitted to act as a substitute director. Additionally, the Companies Law prohibits a person from serving as a substitute director for more than one director. Appointment of a substitute director for a member of a board committee is only permitted if the substitute is a member of the board of directors and does not already serve as a member of such committee. If the committee member being substituted is an external director, the substitute may only be another external director who possesses the same expertise as the external director being substituted. However, under the Articles of Association of the Company no external director may appoint a substitute director for himself/herself. The term of appointment of a substitute director may be for one meeting of the board of directors or for a specified period or until notice is given of the cancellation of the appointment.

Under the Companies Law, the Board must determine the minimum number of directors who are required to have accounting and financial expertise. In determining the number of directors required to have such expertise, the Board must consider, among other things, the type and size of the company and the scope and complexity of its operations. The Company’s Board has determined that the minimum number of Directors of the Company who are required to have accounting and financial expertise is one.

7.12.13 Directors – voting
Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the Chair of the meeting has no casting vote.
7 DETAILS OF THE OFFER

7.12.14 Directors — remuneration

Udi Klier, shall be paid under an employment agreement for his services as the Chief Executive Officer, and shall not be paid any additional remuneration because of his service as an executive director.

However, the external Directors shall be reimbursed for their services only in accordance with amounts set for external directors in the Companies Regulations (Relief for Public Companies Traded on a Stock Exchange Outside of Israel), 2000, as may be amended from time to time, promulgated following the Companies Law. The current maximum aggregate sum set by these regulations is up to ~NIS 134,180 ($50,067) of annual remuneration and up to ~NIS 4,035 ($1,505) per each meeting. Additionally, each unaffiliated director, who is not an external director but is a member of the Remuneration and Nomination Committee, is entitled to a director, who is not an external director but is a member of the Remuneration and Nomination Committee, is entitled to a payment in accordance with the Companies Law Regulations (Rules Regarding Compensation and Expenses for External Directors), 5760-2000, entitling such directors to an annual remuneration of up to ~NIS 37,115 ($13,849) per annum and up to ~NIS 2,480 ($925) per each meeting.

Sophie Karzis’ annual remuneration for her role as an external director is $50,000.

The Articles of Association of the Company also makes provision for the Company to pay all reasonable expenses incurred by Directors in attending meetings or otherwise in connection with the business of the Company.

7.12.15 Directors — powers and duties

The Directors have the power to manage the business of the Company and may exercise all powers which are not expressly required by law, the ASX Listing Rules or the Articles of Association of the Company to be exercised by the Company in a general meeting.

7.12.16 Exculpation, Insurance and Indemnification of Directors and Officers

The Company, to the extent permitted by law, indemnifies each of its Directors and officers (past and present) against any liability incurred by that person as an officer of the Company or one of its Subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis).

The Company, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person (on a solicitor-and-client basis).

The Company, to the extent permitted by law, may procure insurance insuring any Director or Secretary of the Company or one of its Subsidiaries against any liability incurred by such person as an officer of the Company or its Subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis).

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorising such exculpation is included in its articles of association. The Company’s restated Articles of Association to be effective upon the closing of the Offers will allow the Company to exculpate, indemnify and insure its office holders to the fullest extent permitted or to be permitted by the Companies Law. A company may not exculpate in advance a director from liability arising out of breach of his duty of care in a prohibited dividend or distribution to shareholders.

Under the Companies Law and the Securities Law, an Israeli company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorising such indemnification is contained in its articles of association:

- financial liability imposed on him or her in favour of another person pursuant to a judgment, including a settlement or arbitrator’s award approved by a court (provided that if an indemnity is provided in favour of office holder in advance, then it shall be limited to reasonably foreseeable events as determined by the Board based on the company’s activities at the time of granting the undertaking to indemnify, and an amount determined by the board of directors as being reasonable under the circumstances;
- reasonable litigation expenses, including legal fees, incurred by the office holder as a result of an investigation or proceeding instituted against him or her, provided that no indictment was filed against such office holder as a result of such investigation or proceeding and no financial liability was imposed as a substitute for a criminal proceeding as a result of such investigation or proceeding, or, alternatively, a financial liability was imposed on such office holder as a substitute to an indictment arising from the criminal proceeding that does not require proof of criminal intent; or in connection with a monetary sanction;
- reasonable litigation expenses, including legal fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent; and
- reasonable litigation expenses, including legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, including certain payments imposed on an office holder to be made to an injured party pursuant to certain provisions of the Securities Law.

In addition, under the Companies Law and the Securities Law, an Israeli company may indemnify an office holder in respect of certain administrative sanctions imposed by the Israel Securities Authority against companies like the Company and their office holders for certain violations of the Securities Law.
or the Companies Law. Such administrative sanctions include monetary sanctions and certain restrictions on serving as a director or senior officer of a public company for certain periods of time. The Securities Law and the Companies Law provide that only certain types of such liabilities may be reimbursed by indemnification and insurance. Specifically, legal expenses (including attorneys’ fees) incurred by an individual in the applicable administrative enforcement proceeding and certain compensation payable to injured parties for damages suffered by them are permitted to be reimbursed via indemnification or insurance, provided that such indemnification and insurance are authorised by the company’s articles of association, and receive the requisite corporate approvals.

Under the Companies Law and the Securities Law, a company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company’s articles of association:

- a breach of duty of care toward the company or toward a third party, including a breach arising out of the negligent conduct of the office holder;
- a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company; and
- a financial liability imposed on the office holder in favour of a third party.

Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the following:

- a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company and to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive unlawful personal benefit; or
- a fine or forfeit levied against the office holder.

7.12.17 Amendment
The Articles of Association of the Company can be amended by a resolution passed by a simple majority of the votes cast by Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

7.13 DESCRIPTION OF OPTIONS

7.13.1 Introduction
As at the date of this Prospectus, the Company has 4,305,162 Options on issue and has agreed to issue up to 10,135,122 Shares to a pre-IPO investor, Saifan Bosmat Ltd as part of the Public Offer.

The rights and liabilities attaching to ownership of Options are, in certain circumstances, regulated by statute, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

Please refer to Section 9.3.3 for a summary of investment agreement with Saifan Bosmat Ltd and Section 9.3.1 for a summary of the Lead Manager Agreement.

A summary of the significant rights, liabilities and obligations attaching to the Options issued under the 2009 Share Option Plan are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of optionholders.

7.13.2 2009 Share Option Plan
7.13.2.1 Options not listed
Options will not be quoted on the ASX. If the Company’s ordinary shares have been admitted to quotation by the ASX, then the Company will apply to the ASX within 10 business days after the date of issue of any Shares issued upon exercise of the Options for such Shares to be admitted to quotation.

7.13.2.2 Entitlement
Each Option entitles the holder to subscribe for one Share upon the exercise of one Option. All shares issued on exercise of the Option will rank equally with all existing ordinary Shares in the Company.

7.13.2.3 Notice of Exercise
The exercise price of each Share subject to a new Option to be granted shall be determined by the Board in accordance with applicable law. In order to exercise an Option, the optionholder is to deliver a written notice to the Company in such form and method as may be determined by the Company from time to time, and must advise of the number of options to be exercised.

7.13.2.4 Reorganisation of capital
In the event of a merger, acquisition, re-organisation or substantial sale of the shares or assets of the Company, the Board may elect to convert such unexercised Options into new Options or other securities in the acquiring or surviving entity, as the case may be, or to cash or to any other property. Appropriate adjustments are to be made to the value of the converted unexercised share options to reflect such changes to the Company.

7.13.2.5 Participation in new issues of securities
In the event of changes to the issued shares capital in the form of an issuance of bonus shares, share split, consolidation, changes to the share structure, or any other similar event, the share options shall be adjusted proportionately to such change to the share capital, including with respect to the number of share options, the exercise price and the share type available under the share option, all as the Board shall determine in its discretion, whose determination shall be final and binding.

7.13.2.6 Bonus issues
In the event the Board elects to issue bonus shares, the optionholders shall be entitled to a proportionate increase to the number of unexercised share options as at the date of the issuance of the bonus shares.
## 7.14 DIFFERENCES BETWEEN AUSTRALIAN AND ISRAELI COMPANY LAW

The Company is incorporated in Israel and operates subject to Israeli company law. Its corporate affairs are governed by its Articles of Association and the Companies Law and is not subject to some aspects of the Australian Corporations Act.

The table below notes the key differences between Israel and Australian laws. Please note that this summary table provides general guidance only and that the detailed provisions may be subject to differing interpretations by Australian and Israeli courts.

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<td>Related party transactions</td>
<td>See Section 7.14.9 below. The Company will be required to comply with the Companies Law and the ASX Listing Rule requirements in relation to related party transactions.</td>
<td>The Corporations Act governs the provision of financial benefits to related parties of public companies.</td>
</tr>
<tr>
<td>Oppression of minority shareholders</td>
<td>In the event that the Company has acted or there is a substantive concern that it may act in a manner which is oppressive to the minority shareholders, a shareholder has a right to apply to the court seeking the removal or prevention of such oppressive conduct.</td>
<td>The Corporations Act empowers the court to make any order it considers appropriate if conduct of a company's affairs is found to be oppressive to a member or members. Such orders may include winding up, regulating the conduct of the company's affairs, authorising a member to institute derivative proceedings or requiring a person to engage in or abstain from specified conduct.</td>
</tr>
<tr>
<td>Financial assistance and self-acquisition</td>
<td>See Section 7.14.9 below.</td>
<td>The Corporations Act prohibits companies from financially assisting a person to acquire shares in the Company, or from acquiring shares in itself, except for certain limited circumstances.</td>
</tr>
<tr>
<td>Takeovers</td>
<td>See Section 7.14.4 below.</td>
<td>The Corporations Act prohibits the acquisition of a relevant interest in voting shares where the acquisition would increase a person's voting power in the company to over 20%, except in certain circumstances. The Corporations Act also sets out disclosure requirements for persons who have or cease to have a substantial holding in a company. Compulsory acquisition is permitted by holders with an interest of 90% of a class of securities.</td>
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<tr>
<td>Notice of Meetings</td>
<td>The Companies Law require that notice of any annual general meeting or extraordinary general meeting be provided to shareholders at least 21 days prior to the meeting and if the agenda of the meeting includes, among other matters, the appointment or removal of Directors, the approval of transactions with office holders or interested or related parties, approval of the company’s general manager to serve as the chairman of it’s the Board or an approval of a merger, notice must be provided at least 35 days prior to the meeting. Under the Companies Law shareholders in a publicly traded company are not permitted to take action by way of written consent in lieu of a meeting. Under the Companies Law, whenever in the event a general meeting cannot be convened or conducted in the manner prescribed under the law or the Constitution or Articles of Association of the Company, the court may, upon the Company’s, shareholders’ or Directors’ request, order that a general meeting is convened and conducted in the manner the court deems appropriate.</td>
<td>The Corporation Act requires at least 28 days’ notice of a general meeting of a listed company.</td>
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7 DETAILS OF THE OFFER

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<td>Removal of directors</td>
<td>Each of the Directors is appointed by a simple majority vote of holders of ordinary shares, participating and voting at an annual general meeting of shareholders, except for the external Directors. Each Director, except for the external Directors, shall serve until the next annual general meeting following their election and their successor is duly elected and qualified or until their earlier death, resignation or removal by a vote of the majority of the aggregate voting power of our company at a general meeting of shareholders or until their office expires by operation of law. For the special provisions regulating the election and removal of the external Directors please see Section 7.12.12.</td>
<td>The Corporations Act provides that a public company may by resolution at a general meeting remove a director from office. Notice of intention to move the resolution must be given by the company at least two months before the meeting is to be held, and the company must notify the director as soon as possible after notice of the intention is received.</td>
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| Directors’ duties         | The Companies Law codifies the fiduciary duties that office holders owe to a company. An office holder’s fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of loyalty includes an obligation that an office holder acts in good faith and in the best interests of the company. The duty of care includes a duty to use reasonable means to obtain:  
  - information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and  
  - all other important information pertaining to any such action.  
  The duty of loyalty includes a duty to:  
  - refrain from any conflict of interest between the performance of his or her duties to the company and his or her other duties or personal affairs;  
  - refrain from any activity that is competitive with the company;  
  - refrain from exploiting any business opportunity of the company to receive a personal gain for himself or herself or others; and  
  - disclose to the company any information or documents relating to the company’s affairs which the office holder received as a result of his or her position as an office holder. | General duties imposed by the Corporations Act on directors and officers of companies include duties to exercise duties and powers with due care and diligence, in good faith and for a proper purpose, and not to improperly use their position or information obtained through their position to gain advantage or cause detriment to the company. |
# DETAILS OF THE OFFER

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<td><strong>Access to information and filing of documents</strong></td>
<td>Under the Companies Law, shareholders are provided access to: minutes of general meetings, the shareholders register and principal shareholders register, Articles of Association of the Company and annual audited financial statements, and any document that is required by law to be filed publicly with the Israeli Companies Registrar or the Israel Securities Authority. In addition, shareholders may request to be provided with any document related to an action or transaction requiring shareholder approval under the related party transaction provisions of the Companies Law. Such a request may be denied if the company believes it has not been made in good faith or if such denial is necessary to protect the company’s interest or protect a trade secret or patent.</td>
<td>Under the Corporations Act, certain documents must be filed by a company with ASIC, including accounts and notice of changes to its constitution or Articles of Association. A shareholder may also apply to the court for access to the books of a company.</td>
</tr>
<tr>
<td><strong>Remuneration reports</strong></td>
<td>Under the Companies Law, the annual audited financial statements are approved by the Board, and are subsequently presented to shareholders at the Company’s annual general meeting.</td>
<td>At the company’s annual general meeting, shareholders must vote to approve or reject the remuneration report. If the company’s remuneration report receives a no vote of 25% or more, the company’s subsequent remuneration report must explain whether and how shareholders’ concerns have been taken into account. If the company’s subsequent remuneration report receives a no vote of 25% or more, shareholders will vote at the same annual general meeting to determine whether the directors (other than the managing director) will need to stand for re-election within 90 days. If the resolution passes, then the “spill meeting” at which the directors face re-election, will take place within 90 days.</td>
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<tr>
<td><strong>Changes in the rights attaching to securities</strong></td>
<td>Under the Companies Law and the Articles of Association, the rights attached to any class of share, such as voting, liquidation and dividend rights may be amended by adoption of a resolution by the holders of a majority of the shares of that class present at a separate class meeting, or otherwise in accordance with the rights attached to such class of shares, as set forth in the Articles of Association.</td>
<td>Under the Corporations Act, if a company has a constitution that sets out a procedure for varying or cancelling rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with the procedure. If a company does not have a constitution, or has a constitution which does not set out the procedure for varying or cancelling class rights. The rights may only be varied or cancelled: − by special resolution of the company; and − by a special resolution of members holding shares in that class, or with written consent of members with at least 75% of votes in that class. The company must give written notice of the variation or cancellation to the members of the class within seven days after the variation or cancellation is made.</td>
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<td>Appointment of proxies</td>
<td>The Companies Law and the Articles of Association provide that any member entitled to vote at a meeting of members may vote by proxy (who need not be a shareholder of the Company), or, if the member is a company or other corporate body, by an authorised individual. The instrument appointing a proxy (and the power of attorney or other authority, if any, under which such instrument has been signed) shall be in a form approved by the Company and delivered to the Company not less than 48 hours before the time fixed for the meeting. Please refer to Sections 6.3.4.6 and 7.14.9 regarding proxies and personal interests.</td>
<td>The Corporations Act provides that a member of a company who is entitled to attend and cast a vote at a meeting of members may appoint a person as a proxy to attend and vote for the member at that meeting. If a member is entitled to cast two or more votes, they may appoint two or more proxies. For an appointment of a proxy to be effective, the proxy appointment (and any power of attorney under which the appointment was signed) must be received at least 48 hours before the meeting, unless the company’s constitution specifies a lesser period. If the appointment specifies the way that a proxy is to vote on a particular resolution: a) the proxy need not vote on a show of hands, but if they do they must vote that way; b) if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; c) if the proxy is the chair, the proxy must vote on a poll and must vote in the way specified; and d) if the proxy is not the chair, the proxy need not vote on a poll, but if they do they must vote that way.</td>
</tr>
<tr>
<td>Bringing or intervening in legal proceedings on behalf of the entity</td>
<td>Under the Companies Law any shareholder or director of the company may bring legal proceedings on behalf of the company and in the company’s name. A derivative action shall be approved only if the court decides that the applicant is acting in good faith and in the best interests of the company. An applicant may file a derivative action with the approval of the court, upon the occurrence of any of the following: a) in applicant’s opinion, the company has not acted in any way resulting in the dropping the cause for the derivative action; b) the company rejected the applicant’s demand to exhaust its rights by instituting an action previously furnished to the company (the Demand); c) the company has notified the applicant that pursuant to the Demand it has resolved to file a suit, but no suit was filed within 75 days of the date of such notice; or d) the company did not respond to the Demand. The company shall inform the applicant of its decision as to its course of action with respect to the Demand within 45 days of the date of receipt of the Demand, providing the details of the action taken and the body or organ that passed the resolution, including the names of those who participated in passing the resolution; where a participant or an office holder in the company has a personal interest in the resolution, this shall be stated in the resolution and in the notice to the plaintiff.</td>
<td>A member, former member or person entitled to be a member of a company, or an officer or former officer of a company, may bring proceedings on behalf of a company and in the company’s name. Proceedings may only be brought if leave is granted by the Federal Court, the Supreme Court or the Family Court for the person to bring or intervene in proceedings. Leave will be granted if the court is satisfied that: a) it is probable that the company itself will not bring the proceedings or properly take responsibility for them; b) the applicant is acting in good faith; c) it is in the best interests of the company that the applicant be granted leave; d) if the application relates to leave to bring proceedings, there is a serious question to be tried; and e) either at least 14 days before making the application, the applicant gave written notice of the application to the company, or it is appropriate to grant leave even though the notice period was not provided. A rebuttable presumption that granting leave is not in the best of the interests of the company will arise if: a) the proceedings are not by the company against a related party of the company (or vice versa); or b) the company has decided not to bring or defend proceedings, or has decided to discontinue, settle or compromise the proceedings; and c) all of the directors who participated in that decision acted in good faith for a proper purpose, did not have a material personal interest in the decision, informed themselves about the subject matter of the decision to the extent they reasonably believed appropriate and rationally believed that the decision was in the best interests of the company.</td>
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7 DETAILS OF THE OFFER

7.14.1 Applicable company law

The Company is not incorporated in Australia, and its general corporate activities are therefore regulated by the Israeli Registrar of Companies and the Companies Law rather than ASIC and the Corporations Act.

Certain relevant provisions of Israeli company law are summarised below. Please note that this summary does not contain all applicable qualifications and exceptions, and is not a complete survey of all matters of Israeli company and taxation law.

7.14.2 Share Capital

The rights attached to any class of shares, such as voting, liquidation and dividend rights, may be amended by adoption of a resolution by the holders of a majority of the shares of that class present at a separate class meeting, or otherwise in accordance with the rights attached to such class of shares, as set forth in the Articles of Association of the Company.

The Articles of Association of the Company allow for the increase or reduction of the share capital of the Company. Any such changes are subject to the provisions of the Companies Law and must be approved by a resolution duly passed by shareholders at a general meeting by voting on such change in the capital. Transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both the Board and an Israeli court.

7.14.3 Repurchase of Shares and Options

A company may repurchase its shares and securities convertible into shares (to be jointly referred in this paragraph as “shares”), only if such procedure meets certain criteria prescribed by Companies Law. A company which purchases its own shares may only either cancel them or keep as treasury shares or “dormant shares” (according to the terminology of the Companies Law). As long as such treasury/dormant shares are held by the company, they shall not infer any rights or powers (economic, voting, etc.) whatsoever (Section 308 (a) of the Companies Law).

It should be noted, that shares of a company purchased by its subsidiary or an affiliate company, which is under the same control of another parent entity (each, an Affiliate Acquirer), shall not be deemed as treasury/dormant shares and are not required to be cancelled. However, such shares shall not infer for such Affiliate Acquirer any voting rights (Section 309 (b) of the Companies Law).

The Companies Law treats a repurchase of shares by a company (or an Affiliate Acquirer) in the same manner as it treats the distribution of dividends. In essence, when a company contemplates distribution of any profits to its shareholders it must first meet certain conditions. These requirements are twofold:

– firstly, the company must establish that is has sufficient distributable profits; and
– secondly, the company must be able to meet its debts as they fall due.

Once a company concludes that these conditions are satisfied, it may effect the distribution and/or repurchase. Alternatively, if a company does not have profits or other surplus sufficient for repurchase (as defined under the Companies Law), it may seek the court’s approval for such repurchase, which may be granted if the court is satisfied (upon hearing the company and its creditors) that the company shall be capable of discharging its current and expected liabilities, once the same become due, notwithstanding such repurchase (Section 303 of the Companies Law). The Israeli law does not prescribe any specific causes which may justify repurchase.

As the repurchase of shares by the company and/or an Affiliate Acquirer naturally leads to a corresponding increase in the percentage of shares held by the shareholders who did not participate in such repurchase, one of the considerations to be taken into account is the possibility that such increase may trigger the Companies Law requirements regulating the conduct of a tender offer (where, due to repurchase an existing shareholder may pass the 25%, 45% or 90% holdings threshold, as applicable).

If a company effects a distribution in violation of the abovementioned provisions (Prohibited Distribution), then each Company’s shareholder shall be required to return to the company any consideration he received in such distribution, unless he was not aware and was not expected to be aware that such distribution was effected in violation of the Companies Law. Any shareholder in a public company, who at the time of the Prohibited Distribution was not serving as a director, general manager or controlling member of the company, is presumed to not be aware and not expected to be aware that such distribution was effected in violation of the Companies Law.

At the same time, any director of the Company serving at the time of the Prohibited Distribution is presumed to be in breach of his fiduciary duties (duty of loyalty and duty of care), unless he proves one of the following:

– that such director opposed the Prohibited Distribution and took all reasonable measures to circumvent it;
– that he acted in good faith and reasonably relied upon the information, which – had it not been misleading – implied that the distribution is permitted; or
– that under the given circumstances, he was not aware and was not expected to be aware of the Prohibited Distribution.

7.14.4 Significant Holdings and Takeovers

Full Tender Offer

A person wishing to acquire shares of an Israeli public company and who would as a result hold over 90% of the target company’s issued and outstanding share capital is required by the Companies Law to make a tender offer to all of the company’s shareholders for the purchase of all of the issued and outstanding shares of the company.

Likewise, a person wishing to acquire shares of a public Israeli company and who would as a result hold over 90% of the issued and outstanding share capital of a certain class of shares is required to make a tender offer to all of the shareholders who hold shares of the relevant class for the purchase of all of the issued and outstanding shares of that class.
7 DETAILS OF THE OFFER

If the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company or of the applicable class, and more than half of the shareholders who do not have a personal interest in the offer accept the offer, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. However, a tender offer will also be accepted if the shareholders who do not accept the offer hold less than 2% of the issued and outstanding share capital of the company or of the applicable class of shares.

Upon a successful completion of such a full tender offer, any shareholder that was an offeree in such tender offer, whether such shareholder accepted the tender offer or not, may, within six months from the date of acceptance of the tender offer, petition an Israeli court to determine whether the tender offer holder is fair. The court may, upon its determination, order the tender offer holder to purchase the shares in question for fair value, as determined by the court. If the court determines that the tender offer was for less than fair value and that the fair value should be paid as determined by the court. However, under certain conditions, the offeror may include in the terms of the tender offer that an offeree who accepted the offer will not be entitled to petition the Israeli court as described above.

If:
- the shareholders who did not respond to or accept the tender offer hold at least 5% of the issued and outstanding share capital of the company or of the applicable class of shares; or
- the shareholders who accept the offer constitute less than a majority of the offerees that do not have a personal interest in the acceptance of the tender offer; or
- the shareholders who did not accept the tender offer hold 2% or more of the issued and outstanding share capital of the company (or of the applicable class of shares), then the acquirer may not acquire shares from shareholders who accepted the tender offer that will increase its holdings to more than 90% of the company’s issued and outstanding share capital or of the applicable class.

Special Tender Offer
The Companies Law provides that, subject to certain exceptions, an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of at least 25% of the voting rights in the company.

Similarly, the Israeli Companies Law provides that, subject to certain exceptions, an acquisition of shares in a public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company.

A special tender offer must be extended to all shareholders of a company. A special tender offer may be consummated only if:
- the offeror acquired shares representing at least 5% of the voting power in the company; and
- the number of shares tendered by shareholders who accept the offer exceeds the number of shares held by shareholders who object to the offer (excluding the offeror, controlling shareholders, holders of 25% or more of the voting rights in the company or any person having a personal interest in the acceptance of the tender offer or any of their relatives or any entity controlled by them).

If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Shares purchased in contradiction to the tender offer rules under the Israeli Companies Law, will have no rights and will become dormant shares.

Merger
The Companies Law permits merger transactions if approved by each party’s board of directors and, unless certain requirements described under the Companies Law are met, by a majority vote of each party’s shareholders. In the case of the target company, approval of the merger further requires a majority vote of each class of its shares.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the votes of shares represented at the meeting of shareholders that are held by parties other than the other party to the merger, or by any person (or group of persons acting in concert) who holds (or hold, as the case may be) 25% or more of the voting rights or the right to appoint 25% or more of the directors of the other party, vote against the merger. If, however, the merger involves a merger with a company’s own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders.

If the transaction would have been approved by the shareholders of a merging company but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the petition of holders of at least 25% of the voting rights of a company. For such petition to be granted, the court must find that the merger is fair and reasonable, taking into account the respective values assigned to each of the parties to the merger and the consideration offered to the shareholders of the target company.
Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging entities, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be consummated unless at least 50 days have passed from the date on which a proposal for approval of the merger is filed with the Israeli Registrar of Companies and at least 30 days have passed from the date on which the merger was approved by the shareholders of each party.

**Anti-Takeover Measures under Israeli Law**

The Companies Law allows companies to create and issue shares having rights different from those attached to the ordinary shares, including shares providing certain preferred rights with respect to voting, distributions or other matters and shares having preemptive rights.

As at the Completion of the Offers, no preferred shares will be authorised under the Articles of Association of the Company. In the future, if the Company does authorise, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realising a potential premium over the market value of their ordinary shares.

The authorisation and designation of a class of preferred shares will require an amendment to Articles of Association of the Company, which requires the prior approval of the holders of a majority of the voting power attaching to the Company’s issued and outstanding shares and voting at a general meeting. The convening of the meeting, the shareholders entitled to participate and the majority vote required to be obtained at such a meeting will be subject to the requirements set forth in the Israeli Companies Law.

**7.14.5 Dividends and Distributions**

Under the Companies Law, dividend distributions are determined by the Board and do not require the approval of the shareholders of a company unless the Articles of Association of the Company provide otherwise. The Articles of Association of the Company of association of the Company do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by the Board.

Pursuant to the Companies Law, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to the then last reviewed or audited financial statements, provided that the end of the period to which the financial statements relate is not more than six months prior to the date of the distribution. If such criteria are not met, then dividends may be distributed only with court approval. In each case, the Company is only permitted to distribute a dividend if the Board and the court, if applicable, determines that there is no reasonable concern that payment of the dividend will prevent the Company from satisfying its existing and foreseeable obligations as they become due.

**7.14.6 Oppression of Minority Shareholders**

In Israel, a right to apply to the court is also available to shareholders of a company where the affairs of the company are being conducted in a manner oppressive to all or some shareholders or there is a substantial risk that the affairs of the company will be conducted in such a manner.

**7.14.7: Material Israeli Tax Considerations**

The following is a summary of the material Israeli tax laws applicable to us. This section also contains a discussion of some Israeli tax consequences to persons acquiring ordinary shares in this offering. This summary does not discuss all the acts of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations. Potential investors are urged to consult their own tax advisors as to the Israeli or other tax consequences of the purchase, ownership and disposition of our ordinary shares, including, in particular, the effect of any foreign, state or local taxes.

**General Corporate Tax Structure in Israel**

Israeli companies are generally subject to tax on their taxable income at the corporate tax rate of 24% in 2017 and 23% in 2018 and thereafter.

**Taxation of our Shareholders**

**Capital Gains Taxes Applicable to Israeli Resident and Non-Israeli Resident Shareholders**

Israeli law generally imposes a capital gains tax on the sale of capital assets if those assets are either: (i) located in Israel, (ii) shares or rights to shares in Israeli resident companies, or (iii) represent, directly or indirectly, rights to assets located in Israel, by both residents and non-residents of Israel, unless a specific exemption is available or unless a treaty between Israel and the country of the non-resident provides otherwise. Currently there is no tax treaty in force between Israel and Australia.

The Tax Ordinance distinguishes between “Real Gain” and the “Inflationary Surplus.” Real Gain is the excess of the total capital gain over Inflationary Surplus. You should consult with your own tax advisor as to the method you should use to determine the inflationary surplus. Inflationary Surplus is not subject to tax in Israel.

Generally, the tax rate applicable to real capital gains derived by individuals on the sale of our ordinary shares acquired in this offering will be taxed at the rate of 25%, unless such shareholder claims a deduction for interest and linkage differences expenses in connection with such shares, in which case the gain will generally be taxed at a rate of 30%. If the individual shareholder is a Controlling Shareholder at the time of the sale or at any time during the 12-month period preceding such sale, such gain will be taxed at the rate of 30%. A “Controlling Shareholder” is defined as a person who holds, directly or indirectly, including together
with others, at least 10% of any means of control in the company (including, among other things, the right to receive profits of the company, voting rights, the right to receive the proceeds upon the company’s liquidation and the right to appoint a director). Real capital gains derived by corporations will be generally subject to the regular corporate tax rate (23% in 2018 and thereafter). Individual and corporate shareholders dealing in securities are taxed at the tax rates applicable to business income: 23% for corporations in 2018 and thereafter and a marginal tax rate of up to 47% in 2018 and thereafter for individuals plus an additional excess tax of 3% as described below.

Non-Israeli Resident Shareholders
Non-Israeli residents (individuals and corporations) are generally exempt from Israeli capital gains tax on any gains derived from the sale, exchange or disposition of shares of Israeli companies publicly traded on a recognized stock exchange outside of Israel, provided, among other things, that such shareholders did not acquire their shares prior to the company’s initial public offering and the gains were not derived from a permanent establishment of such shareholders in Israel. However, shareholders that are non-Israeli entities will not be entitled to such exemption if Israeli residents hold an interest of more than 25% in such non-Israeli entities or are the beneficiaries of or are entitled to 25% or more of the revenues or profits of such non-Israeli entity, whether directly or indirectly. This exemption is not applicable to a person whose gains from selling or otherwise disposing of the shares are deemed to be business income.

Taxation of Dividend Distributions
A distribution of dividends will generally be subject to income tax at a rate of 25%. However, a 30% tax rate will apply if the dividend recipient is a “Controlling Shareholder” (as defined above) at the time of the distribution or at any time during the preceding 12 months period.

The Tax Ordinance generally provides that a non-Israeli resident (either individual or corporation) is subject to Israeli income tax on the receipt of dividends at the rate of 25% (30% if the dividends recipient is a “Controlling Shareholder” (as defined above), at the time of the distribution or at any time during the preceding 12 months). We are generally required, to withhold taxes upon the distribution of dividends at a rate of 25% or 30% if the recipient is a “Controlling Shareholder” unless a reduced tax rate under the provisions of an applicable double tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate) is available. As mentioned above, currently there is no tax treaty in force between Israel and Australia.

A non-Israeli resident who receives dividend income derived from or accrued from Israel, from which the full amount of tax was withheld at source, is generally exempt from the obligation to file tax returns in Israel with respect to such income, provided that (i) such income was not generated from a business conducted in Israel by the taxpayer, and (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed.

Excess Tax
Individuals who are subject to tax in Israel are also subject to an additional tax at a rate of 3% on annual income exceeding a certain threshold (NIS 641,880 for 2018), which amount is linked to the annual change in the Israeli consumer price index, including, but not limited to income derived from dividends, interest and capital gains, subject to the provisions of an applicable tax treaty.

Estate and Gift Tax
Israeli law presently does not impose estate or gift taxes.

7.14.8 Exchange Control
There are currently no Israeli currency control restrictions on remittances of dividends, proceeds from the sale of the shares or interest or other payments to non-residents of Israel, except for Shareholders who are subjects of countries that are, or have been, in a state of war with Israel.

7.14.9 Related Party Transactions
The Companies Law requires that an office holder promptly discloses to the Board any personal interest that he or she may be aware of and all related material information or documents concerning any existing or proposed transaction with the company. An interested office holder’s disclosure must be made promptly and in any event no later than the first meeting of the Board at which the transaction is considered. A personal interest includes an interest of any person in an action or transaction of a company, including a personal interest of such person’s relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, Director or general manager or in which he or she has the right to appoint at least one Director or the general manager, but excluding a personal interest stemming from one’s ownership of shares in the company.

A personal interest also includes the personal interest of a person for whom the office holder holds a voting proxy or the personal interest of the office holder with respect to his or her vote on behalf of a person for whom he or she holds a proxy even if such person has no personal interest in the matter. An office holder is not, however, required to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction.

Under the Israeli Companies Law, an “extraordinary transaction” is defined as any of the following:
- a transaction other than in the ordinary course of business;
- a transaction that is not on market terms; or
- a transaction that may have a material impact on a company’s profitability, assets or liabilities.
If it is determined that an office holder has a personal interest in a transaction, which is not an extraordinary transaction, approval by the Board is required for the transaction, unless the Articles of Association of the Company provide for a different method of approval. Further, so long as an office holder has disclosed his or her personal interest in a transaction, the Board may approve an action by the office holder that would otherwise be deemed a breach of his or her duty of loyalty. However, the Company may not approve a transaction or action that is not in the Company’s interest or that is not performed by the office holder in good faith.

An extraordinary transaction in which an office holder has a personal interest requires approval first by the Company’s Audit and Risks Management Committee and subsequently by the Board. The compensation of, or an undertaking to indemnify or insure, an office holder who is not a Director generally requires approval first by the Company’s Remuneration and Nomination Committee, then by the Company’s Board. If such compensation arrangement or an undertaking to indemnify or insure is inconsistent with the company’s stated Compensation Policy, or if the office holder is the chief executive officer (apart from a number of specific exceptions), then such arrangement is further subject to a Special Majority Approval for Compensation (defined below). If the shareholders of a Company do not approve the compensation terms of office holders (other than Directors) at a meeting of the shareholders, the Remuneration and Nomination Committee and Board may override the shareholders’ decision, subject to certain conditions. Arrangements regarding the compensation, indemnification or insurance of a Director require the approval of the Remuneration and Nomination Committee, Board and shareholders by simple majority, in that order, and under certain circumstances, a Special Majority Approval for Compensation.

Special Majority Approvals for Compensation
A “Special Majority Approval for Compensation” means the requirement for shareholder approval by a majority vote of the shares present and voting at a meeting of shareholders called for such purpose, provided that either:
- such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such compensation arrangement, excluding abstentions; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation arrangement and who vote against the arrangement does not exceed 2% of the company’s aggregate voting rights.

Personal Interests and Voting
Generally, a person who has a personal interest in a matter which is considered at a meeting of the Board or the Audit and Risk Management Committee may not be present at such a meeting or vote on that matter unless the Chairman of the Audit and Risk Management Committee or Board (as applicable) determines that he or she should be present in order to present the transaction that is subject to approval. If a majority of the members of the Audit and Risk Management Committee or the Board (as applicable) has a personal interest in the approval of a transaction, then all Directors may participate in discussions of the Audit and Risk Management Committee or the Board (as applicable) on such transaction and the voting on approval thereof, but shareholder approval is also required for such transaction.

Pursuant to Israeli law, the disclosure requirements regarding personal interests that apply to Directors and executive officers also apply to a controlling shareholder of a public company. In the context of a transaction involving a shareholder of the Company, a controlling shareholder also includes a shareholder who holds 25% or more of the voting rights in the Company if no other shareholder holds more than 50% of the voting rights in the Company. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated.

When approval is required
The approval of the Audit and Risk Management Committee, the Board and the Shareholders of the Company, in that order, is required for:
- extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest;
- the engagement with a controlling shareholder or his or her relative, directly or indirectly, for the provision of services to the Company;
- the terms of engagement and compensation of a controlling shareholder or his or her relative who is not an office holder, or
- the employment of a controlling shareholder or his or her relative by the Company, other than as an office holder.

In addition, the shareholder approval requires one of the following, which is referred to as a Special Majority:
- at least a majority of the shares held by all shareholders who do not have a personal interest in the transaction and who are present and voting at the meeting approves the transaction, excluding abstentions; or
- the shares voted against the transaction by shareholders who have no personal interest in the transaction and who are present and voting at the meeting do not exceed 2% of the aggregate voting rights in the company.

To the extent that any such transaction with a controlling shareholder is for a period extending beyond three years and under certain conditions, five years from a company’s initial public offering, approval is required at the end of such period unless, with respect to certain transactions, the audit committee determines that the duration of the transaction is reasonable given the circumstances related thereto.
Arrangements regarding the compensation, indemnification or insurance of a controlling shareholder in his or her capacity as an office holder require the approval of the Remuneration and Nomination Committee, Board and shareholders by a Special Majority.

Pursuant to regulations promulgated under the Companies Law, certain transactions with a controlling shareholder or his or her relative, or with Directors or other office holders, that would otherwise require approval of a company’s shareholders may be exempt from shareholder approval under certain conditions.

7.14.10 Right to Inspect Corporate Records
Under the Companies Law, Shareholders are provided access to: minutes of general meetings; the Shareholders register and principal Shareholders register, the Articles of Association of the Company and annual audited financial statements; and any document that is required by law to be filed publicly with the Israeli Companies Registrar or the Israel Securities Authority.

In addition, Shareholders may request to be provided with any document related to an action or transaction requiring Shareholder approval under the related party transaction provisions of the Companies Law. Such a request may be denied if the Company believes it has not been made in good faith or if such denial is necessary to protect the Company’s interest or protect a trade secret or patent.

7.14.11 General Meetings and Shareholder Approval
Under Israeli law, the Company is required to hold an annual general meeting of shareholders once every calendar year that must be held no later than 15 months after the date of the previous annual general meeting.

The Board may call extraordinary meetings whenever it sees fit, at such time and place, within or outside of Israel, as it may determine.

In addition, the Companies Law provides that the Board is required to convene an extraordinary meeting upon the written request of:
- any two or more Directors or one-quarter or more of the members of the Board; or
- one or more shareholders holding, in the aggregate, either:
  - 5% or more of the outstanding issued shares and 1% of the outstanding voting power; or
  - 5% or more of the outstanding voting power.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, Shareholders entitled to participate and vote at general meetings are the Shareholders of record on a date to be decided by the board of Directors, which may be between four and 40 days prior to the date of the meeting.

Furthermore, the Companies Law requires that resolutions regarding the following matters must be passed at a general meeting of Shareholders:
- amendments to the Articles of Association of the Company;
- appointment or termination of the auditors;
- appointment of external Directors (if applicable);
- approval of certain related party transactions;
- increases or reductions of the authorised share capital;
- a merger; and
- the exercise of the Board powers by a general meeting, if the Board is unable to exercise its powers and the exercise of any of its powers is required for the proper management of the Company.

The Companies Law requires that a notice of any annual general meeting or extraordinary meeting be provided to Shareholders at least 21 days prior to the meeting and if the agenda of the meeting includes the appointment or removal of Directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting.

7.14.12 Winding Up
The voluntary winding up, or an approval of a scheme of arrangement or reorganisation, of the Company pursuant to Section 350 of the Companies Law, which governs the settlement of debts and reorganisation of a company, requires the approval of holders of 75% of the voting rights represented at the meeting and voting on the resolution.

If the Company is wound up, liquidated or dissolved, then, subject to applicable law and to the rights of the holders of shares with special rights upon winding up (if any), the assets of the Company legally available for distribution among the shareholders, after payment of all debts and other liabilities of the Company, shall be distributed to the Shareholders in proportion to the nominal value of their respective holdings of the shares in respect of which such distribution is being made. However, if a class of shares has no nominal value, then the assets of the Company legally available for distribution among the holders of such class shall be distributed to them in proportion of their respective holdings of the shares in respect of which such distribution is made.
INVESTIGATING ACCOUNTANT’S REPORT
Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT AND FINANCIAL SERVICES GUIDE

Introduction
This report has been prepared at the request of the directors of Nice-Vend Ltd ("Nice-Vend" or the "Company") for inclusion in the prospectus (the "Prospectus") to be issued by the Company on or about 13 August 2018 in respect of the initial public offering of fully paid ordinary shares in the Company (the "Offer") and admission to the Australian Securities Exchange.

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

Scope
You have requested Grant Thornton Corporate Finance to perform a limited assurance engagement in relation to the historical and pro forma historical financial information included in Section 4 of the Prospectus.

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

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Holder of Australian Financial Services Licence No. 247140

"Grant Thornton" refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm are separate legal entities. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another’s acts or omissions. In the Australian context only, the use of the term "Grant Thornton" may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of Australian Financial Services Licensees).
Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Historical and Pro Forma Historical Financial Information**

The historical and pro forma historical financial information of the Company, as set out in the Prospectus comprises:

- The historical consolidated statement of comprehensive loss for the year ended 31 December 2015 ("FY2015"), the year ended 31 December 2016 ("FY2016") and year ended 31 December 2017 ("FY2017");

- The historical consolidated statement of cash flows for FY2015, FY2016 and FY2017;

- The historical consolidated statement of financial position as at 31 December 2017; and

- The pro forma consolidated statement of financial position as at 31 December 2017, which assumes completion of the transactions outlined in Section 4.5 of the Prospectus (which includes the Offer) as though they had occurred on that date.

(collectively referred to as the “Historical Financial Information”)

The Historical Financial Information has been prepared for inclusion in the Prospectus and has been derived from the audited financial statements of the Company for FY2015, FY2016 and FY2017. The financial statements for FY2015, FY2016 and FY2017 were audited by Fahn Kanne & Co. Grant Thornton in Israel in accordance with International Auditing Standards. The audit opinion issued to the Directors’ of the Company in respect of FY2015, FY2016 and FY2017 whilst unqualified included an emphasis of matter in relation to the Company’s ability to continue as a going concern.

As stated in Section 4.1 of the Prospectus the basis of preparation is the recognition and measurement principles contained in International Financial Reporting Standards ("IFRS") and the Company’s adopted accounting policies set out in Section 10 of the Prospectus.

**Directors’ Responsibility**

The Directors are responsible for the preparation and presentation of the Historical Financial Information. The Directors are also responsible for the determination of the pro forma transactions and the basis of preparation of the Historical Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Historical Financial Information that are free from material misstatement.
Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information based on the procedures performed and evidence we have obtained. 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”.

Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Historical Financial Information. Our procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.

Our engagement did not involve updating or reissuing any previously issued audit or review reports on any historical financial information used as a source of the Historical Financial Information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances.

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the Historical Financial Information from the audited consolidated financial statements of the Company and its controlled entities covering the years ended 31 December 2015, 31 December 2016, and 31 December 2017;
- consideration of the appropriateness of the pro forma adjustments described in Section 4.5.1 of the Prospectus;
- enquiry of the Directors, management and others in relation to the Historical Financial Information;
- analytical procedures applied to the Historical Financial Information;
- a review of the work papers, accounting records and other documents of the Company and its auditors; and
- a review of the consistency of the application of the stated basis of preparation and adopted accounting policies as described in the Prospectus used in the preparation of the Historical Financial Information;

Conclusion

Historical and Pro Forma Historical Financial Information

Based on our independent limited assurance procedures, which is not an audit, nothing has come to our attention which causes us to believe that:

- The Historical Financial Information as set out in the Prospectus does not present fairly:
  - The historical consolidated statement of comprehensive loss for FY2015, FY2016 and FY2017;
  - The historical consolidated statement of cash flows for FY2015, FY2016 and FY2017;
The historical consolidated statement of financial position at 31 December 2017;

- The pro forma consolidated statement of financial position as at 31 December 2017;

in accordance with the stated basis of preparation described in Section 4.1 of the Prospectus; or

- the pro forma transactions set out in Section 4.5.1 of the Prospectus are not a reasonable basis for the pro forma consolidated statement of financial position as at 31 December 2017;

We have assumed, and relied on representations from certain members of management of Nice-Vend, that all material information concerning the historical operations of Nice-Vend has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

**Restriction on Use**
Without modifying our conclusion, we draw your attention to Section 4.1 of the Prospectus which describes the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose.

**Consent**
Grant Thornton Corporate Finance consents to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

**Liability**
The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

**Independence or Disclosure of Interest**
Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

Neil Cooke
Partner
Appendix A (Financial Services Guide)

This Financial Services Guide is dated 13 August 2018.

1 About us
Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) (“Grant Thornton Corporate Finance”) has been engaged by Nice-Vend Ltd (the “Company”) to provide general financial product advice in the form of an Independent Limited Assurance Report (the “Report”) in relation to the offer of fully paid ordinary shares in the Company (the “Offer”). This report is included in the Prospectus dated on or about 13 August 2018 (the “Prospectus”). You have not engaged us directly but have been provided with a copy of the report as a retail client because of your connection to the matters set out in the report.

2 This Financial Services Guide
This Financial Services Guide (“FSG”) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3 Financial services we are licensed to provide
Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

4 General financial product advice
The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987
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In the context of the Report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

8 Complaints
Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the National Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint.

If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287
Grant Thornton Corporate Finance is only responsible for the Report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

9 Compensation arrangements
Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

10 Contact Details
Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

National Head of Corporate Finance
Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
Sydney, NSW, 2000
ADDITIONAL INFORMATION
9.1 REGISTRATION

Nice-Vend Ltd was registered in Israel in January 2007 as a public company.

9.2 COMPANY TAX STATUS AND FINANCIAL YEAR

The Company is and will be subject to tax at the rate of 23%. The Company has carried forward losses for Israeli tax purposes of approximately US$11.5 million ($14.3 million).

The Company’s financial year ends on 31 December annually.

9.3 MATERIAL CONTRACTS

The Directors consider that there are a number of contracts which are significant or material to the Company or its subsidiaries or are of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares. The main provisions of these contracts are summarised below, or elsewhere in this Prospectus. These summaries are included for the information of potential investors in the Offers but do not purport to be complete and are qualified by the text of the contracts themselves.

9.3.1 Lead Manager Agreement

The Company has appointed APP Securities Pty Ltd as the Lead manager of the Offer. The Lead Manager has been engaged to work closely with the Financial Advisor in advising the Company on the appropriate strategy, structure and pricing of the Listing, marketing, and managing the capital raising pursuant to a mandate letter dated 5 June 2018 (Lead Manager Mandate).

As consideration for the services provided by the Lead Manager under the Lead Manager Mandate, the Company has agreed to pay the following professional fees to the Lead Manager:

a) a management fee of 1% of the amount raised as part of the Offer, being a fee of up to $75,000 (if the Maximum Subscription is raised);  
b) a broker fee of 2% of the amount raised as part of the Offers from sources associated with the Financial Advisor, being a fee of up to $150,000 (if the Maximum Subscription is raised);  
c) a broker fee of 5% of the amount raised as part of the Offers from sources associated with the Lead Manager, being a fee of up to $375,000 (if the Maximum Subscription is raised); and  
d) Options equivalent to up to 5% of the number of Shares issued under the Public Offer, being Options to be issued under the Promoter Offer.

The Lead Manager has also agreed to provide market strategy and advice to the Company following completion of the Offers for a 12 month period for a fee of $10,000 plus GST per month. The Lead Manager Mandate may be terminated by the Company if an initial public offering has not occurred by 30 October 2018, or may be terminated for convenience by either party. The Company shall pay a withdrawal fee equivalent to 50% of the fees the Lead Manager would have earned for a $5.0 million capital raising, if the Company terminates the Lead Manager Mandate, other than for cause.

The Lead Manager has also agreed that, to the extent any Applications for the Public Offer are received from Israeli resident investors or parties associated with the Company, the Lead Manager will, at the Company’s direction nominate the relevant referree to receive a portion of its fees (being a fee to the Investment Advisor or Portfolio Manager equivalent to 2% of the amount invested plus a number of Promoter Options equal to 4% of the amount invested).

9.3.2 Financial Advisor Agreement

The Company has appointed Kentgrove Capital Pty Ltd as the Financial Advisor to the Company with respect to the Offer. The Financial Advisor was previously engaged to provide lead manager services which was later amended to the provision of services and assistance in connection with the structuring, marketing and execution of the Offer. The Company and the Financial Advisor have entered into a mandate dated 15 November 2016 which was subsequently updated (Financial Advisor Mandate).

As consideration for the services provided by the Financial Advisor under the Financial Advisor Mandate, the Company has agreed to pay the following professional fees to the Financial Advisor:

a) a broker fee of 3% of the amount raised as part of the Offers from sources associated with the Financial Advisor, being a fee of up to $225,000 (if the Maximum Subscription is raised);  
b) an advisory fee of US$400,000 (including any applicable GST) (approximately $540,540), which the parties have agreed will be satisfied via the issue of 2,702,703 Shares, to be issued under the Promoter Offer; and  
c) Options equivalent to up to 10% of the number of Shares issued under the Public Offer, being the Options to be issued under the Promoter Offer.

Under the Financial Advisor Mandate, the Company has previously:

a) paid the Financial Advisor a fee equivalent to 6% of funds raised for the Company by the Financial Advisor prior to the Offer; and  
b) issued Options to the Financial Advisor equivalent to 15% of the number of Shares issued to investors prior to the Offers. This equates to 1,662,482 options which have been issued to the Financial Advisor. These options expire on 9 April 2020 and have an exercise price of US$0.1025 each (approximately $0.1385).

The Financial Advisor Mandate may be terminated for convenience by either party. The Company shall pay a withdrawal fee of US$250,000 (approximately $318,825), less any withdrawal fee payable to the Lead Manager, to the Financial Advisor if the Company terminates the Financial Advisor Mandate, other than in circumstances where the Financial Advisor has materially breached the agreement or engaged in an act of fraud, wilful misconduct or gross negligence.
The Financial Advisor has also agreed that, to the extent any Applications for the Public Offer are received from Israeli resident investors or parties associated with the Company, the Financial Advisor will, at the Company's direction nominate the relevant referrer to receive a portion of its fees (being a fee to the Investment Advisor or Portfolio Manager equivalent to 3% of the amount invested plus a number of Promoter Options equal to 6% of the amount invested).

9.3.3 Investment Agreement with Saifan Bosmat Ltd
The Company has entered into an agreement with Saifan Bosmat Ltd (the parent company of Wissotzky Ltd), dated 8 May 2018. Under this agreement, Saifan Bosmat Ltd was given the right to invest up to US$500,000 in the Company (Pre-Offer Investment). The Company confirms that Saifan Bosmat Ltd has made the Pre-Offer Investment with the Company.

The agreement also provides that if Saifan Bosmat Ltd makes the Pre-Offer Investment with the Company, it will have a right to invest up to an additional US$1,500,000 in the Company for a period of four months following the initial public offering by acquiring shares at the Offer Price (Saifan Bosmat Right). In addition, Saifan Bosmat Ltd is entitled to receive options to purchase Shares equal to 10% of the amount it invested under the Saifan Bosmat Right. These options will be exercisable at $0.25 each and valid for a period of three years after the initial public offering (Acceleration Options).

The Company advises Acceleration Options will not be new options, each of the Financial Advisor and the Lead Manager have separately agreed with the Company that they will transfer or assign their respective rights to receive Options under the Promoter Offer to Saifan Bosmat Ltd to the extent it is required in order for the Company to satisfy the issue of the Acceleration Options - under the arrangements between the Company, the Financial Advisor and the Lead Manager, if required, the Options of the Financial Advisor will be allocated to Saifan Bosmat Ltd first until depleted and then the Options of the Lead Manager will be allocated to Saifan Bosmat Ltd as required.

As a result of the Pre-Offer Investment having been made, the Company has agreed to, for a period of three years after the initial public offering, exclusively use Wissotzky FLAKES™ as the default option for any tea based sales of FLAKES™, and in all of its quinzee Machines along with other branding and sales obligations. If Saifan Bosmat exercises the Saifan Bosmat Right in full (i.e. invests further US$1,500,000 in the Company), the exclusivity period will be extended for an additional two (i.e. in aggregate five) years, and the Company will also pay Wissotzky royalties equal to 5% of the Company's revenue specifically derived from the sale of Wissotzky branded FLAKES™.

9.3.4 Israel Defence Forces Bases Agreement
Elviento has entered into an agreement with Mabat Lanegev Operator Ltd (Mabat) dated 25 May 2017.

Mabat Lanegev Ltd (Concessionaire) is the concessionaire under a contract with the Israel Defence Ministry for a military base in Israel's south. Mabat provides services to the Concessionaire under a services agreement. Mabat exclusively engages Elviento to supply and maintain vending machines to certain defence bases, which sell frozen cold and hot drinks and snacks.

Key terms of the agreement are as follows:
- Elviento shall pay Mabat a monthly fee of NIS 13,000 (plus VAT) and a one-off fee of NIS 1.2m (plus VAT). Mabat is also entitled to royalty payments.
- Elviento has provided a bank guarantee in the amount of NIS 500,000 which shall be in effect until 30 days following termination of the agreement.
- Elviento shall operate approximately 100 vending machines on the bases over the course of the agreement.
- Elviento shall remove or replace workers at the request of Mabat, the Concessionaire or the Israel Defence Ministry and may only appoint subcontractors with the approval of Mabat.
- Elviento is liable for loss, damage incurred by Mabat, the Concessionaire, the Israel Defence Ministry or third parties from Elviento's actions or omissions and is also responsible for damage caused to the quinzee Machines.
- The Israel Defence Ministry may set a price cap on the products sold in the vending machines.
- This agreement has a term of five years with one option for an additional five year term.
- There is no right for either party to terminate for convenience. Termination of the agreement between the Israel Defence Ministry and the Concessionaire will give rise to an automatic termination of the agreement between Elviento and Mabat, and the Israel Defence Ministry can terminate for convenience its agreement with the Concessionaire.
- In the event of breach. Mabat can provide written notice to cure such breach within a period of no less than five business days. If the breach remains uncured at the conclusion of the notice period, Mabat can cure such breach and charge Elviento the costs incurred.
- There are no restrictions on assignment by Elviento, provided Mabat is satisfied with the change of control and it is to an appropriate and professional entity.
- The contract is governed by Israeli law.
9.3.5 Association for the Wellbeing of Israeli Soldiers Agreement
Elviento has entered into an agreement with the Association for the Wellbeing of Israeli Soldiers (Association), dated 28 September 2016. The Association is responsible for operating canteens at Israel military bases, for the sale of food and beverages to soldiers under a contract with the Israel Defence Ministry and has engaged Elviento to supply quizee Machines to the military bases.

Key terms of this agreement are as follows:
- Elviento shall place quinzee Machines at military bases where instructed, and is responsible for all maintenance and upkeep.
- The agreement restricts the types of products being sold to kosher certified products which comply with military health standards.
- The Israeli Defense Force is responsible for setting the maximum price for the vending machine products and Elviento shall notify the Association if it offers cheaper prices elsewhere.
- Elviento shall provide a NIS 15,000 bank guarantee which expires 90 days following termination or expiry of the agreement.
- Elviento indemnifies the Association for direct (but not consequential) loss or damage incurred by the Association or third parties by Elviento’s actions or omissions.
- Elviento waives all claims for all loss and damage, except due to wilfully prohibited actions of the Association.
- The Association may terminate the agreement if Elviento becomes insolvent, materially breaches the agreement, is convicted of an offence involving disrepute, fails to maintain kosher standards or if the military’s health body prohibits the sale of products in vending machines and upon demand of the Ministry of Defense or if the agreement between Ministry of Defense and the Association is terminated. Either party may terminate for convenience on 90 days’ notice.
- The contract is governed by Israeli law.

9.3.6 National Parks Agreement – Israel Nature and Parks Authority
Elviento has entered into an agreement with the Israel Nature and Parks Authority (Authority) dated 31 January 2018, for the non-exclusive installation of vending machines for sale of slushies, cold and hot beverages, snack foods, frozen snacks and sunscreen in designated areas of certain national parks, as well as the leasing of vending machines to the Authority.

The key terms of the agreement are:
- The agreement has a term of one year. The Authority has an option to extend the term for up to, in aggregate three years.
- Elviento shares a portion of its income derived from sales from the vending machines with the Authority, and receives monthly rent for the vending machines leased by the Authority.
- Elviento is to provide the Authority with a performance guarantee in the amount of NIS 15,000 in the form of a bank guarantee for the term of the agreement.
- Elviento is responsible for all expenses relating to installation, transport and operation of the vending machines and the products sold, as well as the ongoing maintenance of the vending machines.
- The Authority is entitled to terminate for convenience by providing 30 days’ prior written notice or by written notice in the event of a material breach.

9.3.7 Pilot Agreement with Wissotzky
The Company has entered into pilot agreement with Wissotzky Ltd (Wissotzky), dated 28 May 2017. The Company considers that this agreement is substantively material due to the importance of the relationship established under the agreement.

Key terms of the pilot agreement are as follows:
- The Company is to develop tea flavoured powders and syrups for frozen beverages to be piloted in quinzee Machines. The powders/syrups will be developed in accordance with instructions from Wissotzky.
- The pilot will be for four quinzee Machines leased to Wissotzky for a period of five months in locations determined by the Company (in consultation with Wissotzky).
- The Company is responsible for handling, maintenance and repair of the quinzee Machines, and shall update Wissotzky regarding sales from the quinzee Machines leased to Wissotzky.
- Wissotzky is responsible for the rebranding of the quinzee Machines with its insignia.
- All expenses and income from sales belong to the Company and Wissotzky shall pay the Company NIS 125,000 (plus VAT).

9.3.8 Distribution Agreement with Sir Vend-A-Lot
The Company has entered into a distribution agreement with Sir Vend-a-Lot Pty Ltd (Sir Vend-a-Lot), dated 9 December 2016. Sir Vend-a-Lot is a related party of the Financial Advisor.

Key terms of the agreement are as follows:
- The Company appoints Sir Vend-a-Lot as the exclusive distributor for the quinzee Machines and ancillary products (such as syrups and powders) in Australia and New Zealand.
- The term of the agreement is seven years, commencing on 9 December 2016.
- Sir Vend-a-Lot shall purchase at least 20 quinzee Machines from the Company in any contract year.
9 ADDITIONAL INFORMATION

- The Company’s liability shall be limited to the repair or replacement of a defective product and to the extent permitted by law, the Company disclaims all warranties with respect to the products. The parties provide mutual indemnities.
- The Company shall ensure that the quinzee Machines comply with all safety and operational standards and food and beverage standards for Australia and New Zealand, and shall bear the cost of any product recall.
- The Company grants Sir Vend-a-Lot a non-exclusive licence to use the Company’s trade marks in relation to the sale of the quinzee Machines in the territory, and Sir Vend-a-Lot may rebrand the quinzee Machines with the Company’s prior written approval.
- Subject to law, each customer of Sir Vend-a-Lot shall exclusively purchase ancillary merchandise from Sir Vend-a-Lot or the Company and Sir Vend-a-Lot shall receive a percentage of gross cash proceeds from any sale of ancillary merchandise from the Company to any Sir Vend-a-Lot customer.

9.3.9 Machine Supply Agreement with Weider

The Company has entered into an agreement with Weider Global Nutrition LLC (Weider), dated 31 August 2016. Weider is a nutrition brand which develops protein powders, and the parties have agreed that a Weider branded protein powder can be used in white-labelled Weider branded quinzee Machines to make frozen protein-based nutrition beverages.

The key terms of the Machine Supply Agreement are as follows:
- In the period from 1 August to 31 December 2016 (Effective Period), Weider shall purchase 45 quinzee Machines from the Company, at a price per machine of US$8,000 (ex. VAT), which shall be re-branded by Weider and re-sold to purchasers in the United States and other countries.
- 50% of the purchase price shall be paid to the Company on the issue of a purchase order, and the balance shall be paid within three days of Weider receiving shipping documentation.
- Weider shall also exclusively purchase ancillary merchandise (such as syrups, powders, cups, straws) from the Company to make nutritional or supplement based beverages, and shall use its reasonable commercial efforts to enforce such provision on its customers.
- Weider shall use commercially reasonable efforts to sell a Weider branded powder to quinzee Machine purchasers to use with the machines, and during the Effective Period and for 5 years thereafter, shall pay a royalty payment of 3% (plus VAT) of Weider’s net receipts from the sale of such powders.

- The Company warrants to Weider that each quinzee Machine shall be free of defects in materials and workmanship:
  • for machines shipped to the United States, for a period of 12 months from the installation date or 18 months from the shipping date (whichever is earlier); or
  • for machines shipped to Europe, for a period of 24 months from the installation date or 30 months from the shipping date (whichever is earlier).
- Warranties shall not cover misuse, unauthorised alteration (including the use of incompatible products), tampering or improper use, and the Company's sole liability shall be to repair or replace a defective quinzee Machine.
- The Company shall not sell quinzee Machines to any other entity which is engaged in the manufacturing, marketing, sale or distribution of supplements in the sports nutrition or dietary categories during the Effective Period, without Weider’s prior written approval.
- The contract shall be governed by English law and disputes shall be arbitrated under the rules of the International Arbitration Association.

9.3.10 Machines Lease Agreement with Wissotzky

Elviento has entered into a machine lease agreement with Wissotzky, dated 30 May 2018. Key terms of this agreement are as follows:
- Wissotzky leases at least 200 auger machines from Elviento.
- Elviento becomes the exclusive supplier of ancillary ingredients, components and merchandise associated with the machines, including FLAKES™ developed by the Company for Wissotzky.
- Wissotzky is liable for all expenses incurred for infrastructure in connection with the placement of leased machines.
- The term of the lease is for 12 months unless terminated prior in accordance with the termination clause.

The Company understands that Wissotzky intends to deploy the auger machines in the HoReCa industry. Given that the countertop machine is still in development, the only solution available for Wissotzky was to provide HoReCa operators with auger machines (as the quinzee Machines are not always practical for the HoReCa industry). This agreement will introduce Wissotzky FLAKES™ into HoReCa establishments and provide a platform for the launch of the countertop machines once developed and operations and additional Nice-Vend branded FLAKES™ into that market.
9 ADDITIONAL INFORMATION

9.3.11 Yazamco Supplier Agreements
The Company has entered into an agreement with Yazamco Corporation Ltd (Yazamco), dated 6 August 2016.

Yazamco is responsible for the development and production of various FLAKES™ for the quinzee Machines (including supplying syrups and concentrates to the Company).

Key terms of this agreement are as follows:
- All intellectual property developed by Yazamco belongs to the Company.
- The term of the agreement is 12 months with automatic renewal for 12 months, unless a party provides written notice to terminate no later than 60 days prior to the end of the term.
- Yazamco is responsible for the development, quality and production of the syrups and concentrates and the Company will have no liability for any damage or loss caused to Yazamco. Yazamco shall indemnify the Company for all liability caused due to the actions of Yazamco in connection with the syrups and concentrates.
- Yazamco must hold adequate insurance under this agreement in the United States, Europe and Israel.
- Either party can terminate for convenience with 60 days’ notice or terminate immediately for a material breach if not cured within five business days.
- The Company may order syrups and concentrates from Yazamco from time to time, and production time for the syrups and concentrates is 60 days once an order is made.
- The governing law is the law of Israel, with the courts of Tel Aviv having jurisdiction.

9.3.12 J Kahan Supplier Agreement
The Company has entered into an agreement with J Kahan Ltd (Kahan), dated 28 May 2017. Kahan is a food mixtures and essences manufacturer and shall sell the Company instant powders for the quinzee Machines under the FLAKES™ brand.

Key terms of this agreement are as follows:
- Kahan will provide professional advice to the Company and assist the Company with obtaining export approvals and licences.
- Kahan will exclusively sell to the Company products under the FLAKES™ brand.

9.3.13 Loan Agreement – Hillcroft Investments Limited
Nice-Vend Ltd has obtained a loan of, US$250,000 from Hillcroft Investments Limited (HIL) to finance the ongoing operations of the Company on 5 February 2018.

The key terms of the agreement are as follows:
- Interest rate will be charged at the United States Federal Bank Rate plus 10% per annum.
- Loan matures on 1 August 2018 or at IPO (whichever earlier), any delay in repayment of the loan will result in an interest rate increase to United States Federal Bank Rate plus 20% from 1 August 2018 and repayments are accelerated.
- The Company may pay all or part of their loan prior to repayment date by giving five business days’ notice.
- Nice-Vend Ltd and Elviento agree to not to, without the prior consent and agreement of HIL, take further loans until the HIL loan is repaid.
- The agreement is governed under Israeli laws.

9.3.14 Loan Agreement – Tempo Beverages Ltd and Tempo Marketing Ltd
Elviento entered into a loan agreement with Tempo Beverages Ltd and Tempo Marketing Ltd (together Tempo), dated 30 October 2017.

The agreement provides for a NIS 1 million loan from Tempo to Elviento.

The key terms of the agreement are as follows:
- Term of five years from the 5 November 2017.
- No interest if Elviento does not breach the agreement, otherwise interest is at the rate of the applicable Consumer Price Index.
- Loan is to be repaid in twenty equal quarterly payments in the amount of NIS 50,000 each.
- The first payment is to be made on 31 March 2018, with the final payment on 31 October 2022.
- Elviento has provided Tempo with a promissory note, countersigned by the Company, in the amount NIS 1 million as security.
- Agreement terminates if Elviento delays repayment by more than 30 days.
- Agreement terminated if the Purchase Agreement (dated 30 October 2017) by Tempo is terminated due to Elviento’s breach.
- The agreement is governed by Israeli law.
9.3.15 Loan Agreement – Leiman Schlussel Ltd
Elviento has entered into a loan agreement with Leiman Schlussel Ltd (Leiman Schlussel) dated 9 April 2018.

The agreement provides that Leiman Schlussel will provide Elviento with an interest free loan of NIS 300,000.

The key terms of the agreement are as follows:
- term of five years, commencing 31 March 2018;
- loan is to be repaid in twenty equal quarterly instalments of NIS 15,000 each;
- the first payment is to be made no later than 30 June 2018, and the final payment is to be made no later than 31 March 2023;
- Elviento is entitled to prepay any instalment or the entire loan earlier at its discretion;
- Leiman Schlussel shall be entitled to demand full repayment of the loan, or exercise the guarantee, upon the occurrence of any of the following events:
  • termination or expiry of the Mabat agreement with the Israeli Ministry of Defence (see section 9.3.5);
  • material breach by Elviento;
  • initiation of liquidation proceeding for either the Company or Elviento;
  • if the Company holds less than 51% of Elviento;
  • occurrence of an event which materially affects Elviento’s ability to repay the loan or realise the guarantee; or
  • if Elviento reduces its orders under the commercial loan to less than NIS 45,000 in a calendar quarter (excluding due to force majeure); and
- The agreement is governed by Israeli law.

9.3.16 Loan Agreement – Israel Rozental and Yehuda Nir
On 20 June 2018, Elviento obtained a loan for US$250,000 from Israel Rozental and Yehuda Nir to finance purchase frozen beverage auger machines in connection with the Machines Lease Agreement with Wissotzky (see section 9.3.12).

The key terms of the agreement are as follows:
- Interest rate will be charged at the United States Federal Bank Rate plus 10% per annum (but in no event less than a total of 12%).
- The loan is repayable in 12 equal monthly instalments on the 15th day of each calendar month starting on 15 September 2018.
- If the loan is not paid by 15 August 2019, the interest on any outstanding part of the loan will increase by a further 6%.
- The loan is secured against the Machines Lease Agreement with Wissotzky (see section 9.3.12), and all plant and equipment acquired by the Company and/or its subsidiaries for the purposes of that agreement.
- The agreement is governed by Israeli laws.

9.3.17 Premises lease
The Company has entered into a sub-lease agreement with respect to its headquarters, manufacturing facility, warehouse and research and development facility located in 3 Hamechonaei Street, Hod Hasharon, 4527712, Israel (in Greater Tel Aviv), dated 9 July 2017 (Sub-Lease).

The principal lease is dated 20 April 2017 between Tigi Ltd (as lessee) and S.A.I Yerek Construction and Investment Ltd (as lessor), (Principal Lease). The Sub-Lease is between Tigi Ltd and the Company for a portion of the leased premises under the Principal Lease.

The material terms of the Sub-Lease are as follows:
- The term of the Sub-Lease is for the duration of the Principal Lease (being for three years to 30 April 2020).
- Tigi Ltd has an option under the Principal Lease to extend the term of the Principal Lease, for a further two years. If Tigi Ltd elects to exercise its option to extend the Principal Lease, the Company will be granted the option to correspondingly extend the Sub-Lease.
- If the Principal Lease is terminated for any reason, the Sub-Lease is terminated.

There is no formal agreement in place between the Company and S.A.I. Yerek Construction and Investment Ltd to allow the Company to continue to use the premises in the event that the Principal Lease is terminated.

9.4 OWNERSHIP RESTRICTIONS
The sale and purchase of Shares in the Company is regulated by Israeli laws that restrict the level of ownership or control by any one person (either alone or in combination with others). Section 7.14.4 contains a general description of restrictions with respect to significant holdings and takeovers. These relevant restrictions have not been repeated here.

9.5 AUSTRALIAN TAX CONSIDERATIONS
The comments in this Section provide a general outline of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus and that hold Shares in the Company on capital account for Australian income tax purposes.

This summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to Australian taxation issues and is only one of the matters which need to be considered by Shareholders before making a decision about an investment in the Shares.
Investors should note that tax laws are subject to ongoing change, and this Section does not consider any changes in administrative practice or interpretation by the relevant tax authorities, or any changes in law by judicial decision or legislation following the Prospectus Date. To the extent that there are any changes in law after the Prospectus Date, including those having retrospective effect, Shareholders should consider the tax consequences, taking into account their own individual circumstances, and should consider taking advice from a professional advisor before making a decision about an investment to acquire Shares under this Prospectus.

The taxation implications of a subscription for Shares may be affected by the individual circumstances of each Shareholder, and it is recommended that Shareholders consult their own independent advisors regarding taxation consequences, including stamp duty, income tax and Australian goods and services tax consequences of the acquisition, ownership and disposal of Shares. This summary is general in nature and does not cover all income tax consequences that could apply in all circumstances of any Shareholder.

The categories of Shareholders considered in this Section are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account, and it does not consider Shareholders that hold Shares on revenue account, carry on a business of trading in Shares, are exempt from Australian tax, foreign residents, insurance companies, banks or Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth). This Section also assumes that each Shareholder (together with its associates) holds at all relevant times less than 10% of the Shares in the Company.

9.5.1 Dividends on Shares

9.5.1.1 Australian tax resident individuals and complying superannuation entities

Where dividends on a Share are paid by the Company, those dividends should constitute assessable income of an Australian tax resident Shareholder.

Individuals or complying superannuation entities who are Australian tax resident Shareholders should include the dividend (together with any franking credits attached to that dividend) in their assessable income in the year the dividend is paid. Investors should note that the tax rate payable by each individual Australian resident Shareholder will depend on the circumstances of the Shareholder and their prevailing marginal rate of income tax.

Shareholders who are individuals or complying superannuation entities should be entitled to a ‘tax offset’ equal to the franking credits attached to the dividend, subject to being a ‘qualified person’, and the tax offset may be applied to reduce the tax payable on the Shareholder’s taxable income. If a dividend paid by the Company is unfranked, the Shareholder will generally be taxed at the Shareholder’s marginal rate on the dividend received, with no tax offset.

9.5.1.2 Australian tax resident corporate Shareholders

Corporate Shareholders are required to include the dividend and associated franking credits in their assessable income, and a tax offset will then be allowed up to the amount of the franking credits. To the extent of the franking credits attached to the dividend, the Australian resident corporate Shareholder should be entitled to a credit in its franking account, and can pass on the benefit of the franked credits to their own shareholders on the payment of franked dividends. Whilst excess franking credits cannot give rise to a refund, they may (in certain circumstances) be converted into carry forward tax losses.

9.5.1.3 Australian tax resident trusts and partnerships

Australian tax resident Shareholders who are partnerships or trusts (other than trustees of ‘complying superannuation entities’) or partnerships should include dividends and franking credits in determining the net income of the partnership or trust. A beneficiary of a trust, a trustee or a partner may be entitled to a tax offset equal to their share of the net income of the trust or partnership (as relevant).

9.5.1.4 Holding period and related payment rules

To be eligible for tax offsets and franking credits and tax offset, a Shareholder must satisfy the ‘holding period’ and ‘related payment’ rules, requiring that the Shareholder hold the Shares ‘at risk’ for a continuous period of more than 45 days, excluding the dates of acquisition and disposal. Where these rules are not satisfied, the Shareholder will not include an amount for the franking credits in their assessable income and should not be entitled to a tax offset.

The Shares are not held ‘at risk’ if the Shareholder has a materially diminished risk of loss or opportunity for gain in relation to the Shares. For example, if the Shareholder has entered into an agreement to dispose of the Shares, or granted options over Shares, the Shareholder will not hold the Shares ‘at risk’.

A Shareholder will not be obliged to make a ‘related payment’ in respect of a dividend, unless they hold the Shares ‘at risk’ for the required holding period around the dividend dates.

This holding period rule is subject to exceptions, including where the total franking offsets of an individual in a year of income are under $5,000, and special rules apply to trusts and beneficiaries. The Board recommends that Shareholders should obtain their own professional tax advice to determine if these requirements have been satisfied.
9.5.1.5 Australian Capital gains tax implications on a disposal of Shares

The disposal of a Share by an Australian resident Shareholder will constitute a CGT event. A capital gain will arise where the cost base of the Share (being the amount paid to acquire the Share, plus any costs in relation to the acquisition or disposal) is exceeded by the capital proceeds on disposal (in the case of an on-market sale, the cash proceeds received on disposal).

However, a CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares have been held for at least 12 months prior to the CGT event.

If the CGT discount applies, a capital gain arising to individuals and entities acting as Trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses, and for a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

If the Shareholder is the trustee of a trust that has held the Shares for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. The Board recommends that Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal, and capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain recoupment tests being satisfied. However, capital losses cannot be offset against other forms of assessable income.

9.5.1.6 Australian goods and services tax

No GST should be payable by Shareholders on acquisition or disposal of Shares in the Company, and no GST should be payable by Shareholders on receiving dividends distributed by the Company.

However, Shareholders may not be entitled to claim full input tax credits in relation to any GST included in any costs incurred in connection with the acquisition of the Shares, and Shareholders should obtain their own independent tax advice in this regard.

9.5.1.7 Stamp duty

Shareholders should not be liable for stamp duty in relation to the acquisition of Shares, unless they acquire (either individually or with an associate or related party) an interest of 90% or more in the Company.

9.6 LEGAL PROCEEDINGS

As at the Prospectus Date, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company.

9.7 CONSENTS

Each of the parties referred to below (each a Consenting Party), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in, or omissions from, this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement which is made in this Prospectus is based, other than as specified below:

- APP Securities Pty Ltd;
- Kentgrove Capital Pty Ltd;
- Holding Redlich;
- Gornitzky & Co;
- Fahn Kanne & Co. Grant Thornton Israel;
- Grant Thornton Corporate Finance Pty Ltd;
- Boardroom Pty Ltd;
- Frost & Sullivan Australia Pty Ltd;
- Weider Global Nutrition LLC;
- Wissotzky Ltd;
- Mabat Lanegev Ltd;
- Y.T.Y. Lenny Investments Ltd;
- Association for Wellbeing of the Soldier;
- Israel Nature and Parks Authority;
- Eitan Granot;
- Tempo Beverages Ltd;
- Tempo Marketing Ltd;
- Israel Rosental;
- Yehuda Nir;
- Tigi Ltd;
- Allpro Innovations LLC;
- Sdot Yam Business Holdings and Management Agricultural Cooperative Ltd;
- Sir Vend-a-Lot Pty Ltd;
- Yazamco Corporation Ltd;
- J Kahan Ltd;
- Hillcroft Investments Ltd; and
- Leiman Schlussel Ltd.
Grant Thornton Corporate Finance Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including its Investigating Accountant's Report in Section 8 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus.

Fahn Kanne & Co. Grant Thornton Israel has given, and has not withdrawn before lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor for the period to Listing, including as auditor of the Company's FY15, FY16 and FY17 consolidated financial reports, in the form and context in which it is so named.

9.8 COST OF THE OFFERS
The costs of the Offers is expected to be approximately US$1.2 million to US$1.4 million (excluding GST and or VAT where applicable). These costs will be borne by the Company from the proceeds of the Offers.

9.9 GOVERNING LAW
This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in Victoria, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria, Australia.

9.10 WORKING CAPITAL STATEMENT
The Directors are satisfied that on completion of the Offers, the Company will have sufficient working capital to carry out its stated objectives.

9.11 STATEMENT OF DIRECTORS
The issue of this Prospectus is authorised by each Director and lodged with ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to the lodgement of the Prospectus with ASIC and the issue of the Prospectus in accordance with section 720 of the Corporations Act and no Director has withdrawn that consent.

Signed on behalf of the Company.

Ehud (Udi) Klier
Director
Dated 14 August 2018
SECTION 10

SIGNIFICANT ACCOUNTING POLICIES
10 SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies
The following is a summary of the significant accounting policies used in the preparation of the Historical Financial Information set out in this Prospectus.

a) Use of Estimates
The preparation of Historical Financial Information in conformity with IFRS requires management to make accounting estimates and assessments that involve the use of judgment and that affect the amounts of assets and liabilities presented in the Historical Financial Information, the amounts of revenues and expenses during the reporting periods and the accounting policies adopted by the Company. Actual results could differ from those estimates. Estimates and judgments are continually evaluated and are based on prior experiences, various facts, external items and reasonable assumptions in accordance with the circumstances related to each assumption. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

b) Functional and presentation currency
The Company prepares its financial information on the basis of the principal currency and economic environment in which it operates (hereinafter - the “functional currency”).

The Company’s financial statements are presented in United States of America dollars (“US$” or “USD”) which constitutes the functional currency of the Company and the presentation currency of the Company.

The New Israeli Shekel (“NIS”) is the functional currency of the Company’s wholly owned active subsidiary, Elviento, whose results of operations and statements of financial position are translated into USD as described in the following paragraph.

Upon consolidation, assets and liabilities of Elviento have been translated into US$ at the closing rate at the reporting date. Income and expenses of Elviento have been translated into US$ at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit and loss and are recognised as part of the gain or loss on disposal.

c) Cash and Cash Equivalents
The Company considers all cash deposits and highly liquid investments with original maturities of three months or less to be cash equivalents.

d) Bank deposits under lien
Certain suppliers require that the Company issues the supplier with a bank guarantee to ensure compliance with the relevant contract. In order to issue the bank guarantee, the bank requires the Company to place a corresponding amount on a deposit maturing upon the expiration of the bank guarantee. The bank places a lien on any such deposit until it matures. Deposits maturing within a year after the financial period are recorded under current assets and those that would mature thereafter are shown as non-current assets.

e) Accounts Receivable
Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer’s financial condition, credit history, and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. No allowance was considered necessary at 31 December 2015, 2016 and 2017.

f) Inventory
Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. A provision is expensed to the statement of comprehensive profit and loss in respect of slow moving inventories, to reflect their saleable value in the ordinary course of business.

g) Property and Equipment
Property and equipment items are presented at cost, less accumulated depreciation and net of accrued impairment losses. Cost includes, in addition to the acquisition cost, all the residual value, useful life span and depreciation method of the item to the location and condition necessary for the item to operate in accordance with the intentions of management. The residual value, useful life span and depreciation method of fixed asset items are tested at least at the end of the fiscal year and any changes are treated as changes in accounting estimates.

Depreciation is calculated on the straight-line method, based on the estimated useful life of the fixed asset item or of the distinguishable component, at annual depreciation rates as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machines</td>
<td>10%-20%</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>7%-33%</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Rental contract period</td>
</tr>
</tbody>
</table>

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including any extension option held by the Nice-Vend Group and intended to be exercised) and the expected life of the improvement.
Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. An asset is derecognised on disposal or when no further economic benefits are expected from its use.

h) Share capital
Share capital represents the nominal par value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

i) Revenue Recognition
The Company generates revenues mainly from sales of:
- quinzee Machines developed by the Company, as well as consumable products useable with these machines; and
- Consumable food products sold through vending machines.

Revenues are measured in accordance with the fair value of the consideration received or receivable in respect of sales supplied in the ordinary course of business, net of returns, rebates and discounts.

Sales of goods
Revenues from the sales of quinzee Machines and their related consumables are recognised when all of the following conditions are met:
- The Company has transferred the significant risks and rewards of ownership of the goods to the purchasers. Such condition is usually met on delivery of the goods, however, when a sales contract gives the customer the right, for a specified period after delivery, to accept or reject goods, revenue recognition does not occur until the earlier of customer acceptance and expiry of the acceptance period;
- The Company does not retain continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of the revenues can be measured reliably. The amount of the revenue is not considered as being reliably measured until all the conditions relating to the transaction are met. The Company bases its estimates on past experience, considering the type of customer, type of transaction and special details of each arrangement;
- It is probable that the economic benefits that are associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenues generated from the sales of consumable food products are recognised when the consumer purchases a product from the vending machines.

j) Share Based Payments
Share-based compensation transactions that are settled by equity instruments that were executed with employees or others who render similar services, are measured at the date of the grant, based on the fair value of the granted equity instrument. This amount is recorded as an expense in profit or loss with a corresponding credit to equity, over the period during which the entitlement to exercise or to receive the equity instruments vests. For purposes of estimating the fair value of the granted equity instruments, the Company takes into consideration conditions which are not vesting conditions (or vesting conditions that are performance conditions which constitute market conditions). The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, an estimate is made of the number of instruments expected to vest.

For purposes of estimating the fair value of the granted equity instruments, the Company takes into consideration conditions which are not vesting conditions (or vesting conditions that are performance conditions which constitute market conditions). Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, an estimate is made of the number of instruments expected to vest. Grants that are contingent upon vesting conditions (including performance conditions that are not market conditions) which are not ultimately met are not recognised as an expense. A change in estimate regarding prior periods is recognised in the statement of comprehensive loss over the vesting period.

k) Research and Development
Expenditures on the research phase of the development of new products and processes are recognised as an expense as incurred.

Development activities involve a plan or a design for the production of new or substantially improved products and processes. Development costs that are directly attributable to the development phase are recognised as intangible assets, provided they meet the following recognition requirements:
- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the developed asset; and
- the developed asset will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.
An intangible asset that was capitalized but not available for use, is not amortised and is subject to impairment testing once a year or more frequently if indications exist that there may be a decline in the value of the asset until the date on which it becomes available for use.

The amortisation of an intangible asset begins when the asset is available for use, i.e., it is in the location and condition needed for it to operate in the manner intended by management. The development asset is amortised on the straight-line method, over its estimated useful life, which is estimated to be ten years.

l) Income Taxes
Taxes on income in the statement of comprehensive income comprise current and deferred taxes. Current or deferred taxes are recognised in the statement of comprehensive loss except to the extent that the tax arises from items which are recognised directly in other comprehensive income or in equity. In such cases, the tax effect is also recognised in the relevant item.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method in respect of temporary differences between amounts included in the financial statements and amounts taken into consideration for tax purposes.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company’s forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax assets and deferred tax liabilities are presented in the statement of financial position as non-current assets or non-current liabilities, respectively. Deferred taxes are offset in the statement of financial position if there is a legally enforceable right to offset a current tax asset against a current tax liability.

m) Foreign currency transactions and balances
Specifically identifiable transactions denominated in foreign currency are recorded upon initial recognition at the exchange rates prevailing on the date of the transaction. Exchange rate differences deriving from the settlement of monetary items, at exchange rates that are different than those used in the initial recording during the period, or than those reported in previous financial statements, are recognised in the statement of comprehensive loss in the period of settlement of the monetary item. Other profit or loss items are translated at average exchange rates for the relevant financial period.

Assets and liabilities denominated in or linked to foreign currency are presented on the basis of the representative rate of exchange as of the date of the statement of financial position.
SECTION 11

GLOSSARY
<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ or AUD</td>
<td>Australian dollars</td>
</tr>
<tr>
<td>AAS or Australian Accounting Standards</td>
<td>Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group interpretations</td>
</tr>
<tr>
<td>AASB or Australian Accounting Standards Board</td>
<td>Australian Accounting Standards Board, an Australian Government agency under the Australian Securities and Investments Commission Act 2001</td>
</tr>
<tr>
<td>AEST</td>
<td>Australian Eastern Standard Time</td>
</tr>
<tr>
<td>Allotment Date</td>
<td>The expected date on which the securities under the Offers are allotted as set out in the Important Dates section of this Prospectus</td>
</tr>
<tr>
<td>Applicant</td>
<td>A person who submits an Application for Shares under this Prospectus</td>
</tr>
<tr>
<td>Application</td>
<td>Application made to subscribe for Shares under the Offer</td>
</tr>
<tr>
<td>Application Form</td>
<td>The relevant form attached to or accompanying this Prospectus pursuant to which Applicants apply for Shares</td>
</tr>
<tr>
<td>Application Monies</td>
<td>The amount accompanying an Application Form submitted by an Applicant, calculated as the Offer Price multiplied by the number of Shares applied for</td>
</tr>
<tr>
<td>Articles of Association</td>
<td>The Articles of Association of the Company</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 (ABN 98 008 624 691)</td>
</tr>
<tr>
<td>ASX Listing Rules</td>
<td>The official listing rules of the ASX</td>
</tr>
<tr>
<td>ASX Recommendations</td>
<td>The Corporate Governance Principles and Recommendations issued by the ASX</td>
</tr>
<tr>
<td>ASX Settlement</td>
<td>ASX Settlement Pty Limited (ABN 49 008 504 532)</td>
</tr>
<tr>
<td>ASX Settlement Operating Rules</td>
<td>The operating rules of ASX Settlement Pty Ltd</td>
</tr>
<tr>
<td>ATO</td>
<td>Australian Taxation Office</td>
</tr>
<tr>
<td>Board or Board of Directors</td>
<td>The Board of Directors of the Company</td>
</tr>
<tr>
<td>Broker</td>
<td>Any ASX participating organisation selected by the Lead Manager to act as a Broker to the Offer</td>
</tr>
<tr>
<td>Broker Firm Applicant</td>
<td>A person who applies to subscribe for Shares under the Broker Firm Offer</td>
</tr>
<tr>
<td>Broker Firm Offer</td>
<td>The offer of Shares under this Prospectus to Australian resident clients of Brokers who have received a firm allocation from their Broker</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Chair or Chairman</td>
<td>In relation to the Company, Rod Walker, or otherwise as the context requires</td>
</tr>
<tr>
<td>CHESS</td>
<td>Clearing House Electronic Sub-register System operated in accordance with the Corporations Act</td>
</tr>
<tr>
<td>Closing Date</td>
<td>Means 10 September 2018</td>
</tr>
<tr>
<td>Completion of the Offers</td>
<td>Completion in respect of the allotment of Shares under the Offer</td>
</tr>
<tr>
<td>Company or Nice-Vend</td>
<td>Nice-Vend Ltd (ARBN 623 375 799)</td>
</tr>
<tr>
<td>Companies Law</td>
<td>Companies Law, 5759-1999 (Israel)</td>
</tr>
<tr>
<td>Corporations Act</td>
<td>Corporations Act 2001 (Cth)</td>
</tr>
<tr>
<td>Directors</td>
<td>Each of the Directors of the Company from time to time</td>
</tr>
<tr>
<td>EBIT</td>
<td>Earnings before interest and tax</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings before interest, tax, depreciation and amortisation</td>
</tr>
<tr>
<td>Existing Shares</td>
<td>Ordinary Shares in the Company that were on issue prior to the Offers</td>
</tr>
<tr>
<td>Existing Shareholders</td>
<td>Those persons holding Shares as at the Prospectus Date</td>
</tr>
<tr>
<td>Expiry Date</td>
<td>The date that is 13 months after the Prospectus Date</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Exposure Period</td>
<td>The period specified in section 727(3) of the Corporations Act, being a minimum of seven days from the date of the Prospectus, during which an Application must not be accepted. ASIC may extend this period to no more than 14 days after the date of the Prospectus</td>
</tr>
<tr>
<td>Financial Advisor</td>
<td>Kentgrove Capital Pty Ltd (ACN 150 638 627)</td>
</tr>
<tr>
<td>Financial Information</td>
<td>Has the meaning given in Section 4</td>
</tr>
<tr>
<td>FY2014</td>
<td>Financial year ending 31 December 2014</td>
</tr>
<tr>
<td>FY2015</td>
<td>Financial year ending 31 December 2015</td>
</tr>
<tr>
<td>FY2016</td>
<td>Financial year ending 31 December 2016</td>
</tr>
<tr>
<td>GST</td>
<td>Goods and services or similar tax imposed in Australia</td>
</tr>
<tr>
<td>HIN</td>
<td>Holder Identification Number</td>
</tr>
<tr>
<td>Historical Financial Information</td>
<td>Has the meaning given in Section 4</td>
</tr>
<tr>
<td>HoReCa</td>
<td>Hotel, restaurant and catering market restaurant</td>
</tr>
<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards</td>
</tr>
<tr>
<td>Institutional Investors</td>
<td>An investor:</td>
</tr>
<tr>
<td></td>
<td>- in Australia who is either a “professional investor” or “sophisticated investor” under sections 708(11) and 708(8) of the Corporations Act; and</td>
</tr>
<tr>
<td></td>
<td>- in certain other jurisdictions to whom offers or invitations of Shares can lawfully 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 with which the Company is willing in its discretion to comply)</td>
</tr>
<tr>
<td>Institutional Offer</td>
<td>The invitation to bid for Shares made to Institutional Investors under this Prospectus as described in Section 7.5</td>
</tr>
<tr>
<td>Investigating Accountant</td>
<td>Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987)</td>
</tr>
<tr>
<td>Investigating Accountant’s Report</td>
<td>The Investigating Accountant’s Report set out in Section 8</td>
</tr>
<tr>
<td>Investment Advisor</td>
<td>A person licensed by the Israel Securities Authority as an Investment Advisor</td>
</tr>
<tr>
<td>IPO</td>
<td>Initial Public Offering</td>
</tr>
<tr>
<td>Kosher Certification</td>
<td>Certification confirming that the relevant food conforms to that Jewish dietary regulations of Kosher</td>
</tr>
<tr>
<td>Lead Manager</td>
<td>APP Securities Pty Ltd (ABN 45 112 871 842)</td>
</tr>
<tr>
<td>Listing</td>
<td>The Company being admitted to the official list of ASX</td>
</tr>
<tr>
<td>Maximum Subscription</td>
<td>$7.5 million</td>
</tr>
<tr>
<td>Minimum Subscription</td>
<td>$5 million</td>
</tr>
<tr>
<td>New Share(s)</td>
<td>Share(s) issued under the Offers</td>
</tr>
<tr>
<td>Nice-Vend Group</td>
<td>The corporate group described in Section 7.1.5 comprising the Company and each of its Subsidiaries and, where relevant, means one or more of those Subsidiaries, as the context requires</td>
</tr>
<tr>
<td>NIS</td>
<td>Means an Israeli new shekel</td>
</tr>
<tr>
<td>NPAT</td>
<td>Net profit after tax</td>
</tr>
<tr>
<td>Offers</td>
<td>The Offers under this Prospectus of new Shares and Options to be issued by the Company</td>
</tr>
<tr>
<td>Offer Price</td>
<td>$0.20 per Share</td>
</tr>
<tr>
<td>Officer</td>
<td>Has the meaning given in section 9 of the Corporations Act</td>
</tr>
<tr>
<td>Official List</td>
<td>The official list of entities that ASX has admitted and not removed</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Official Quotation</strong></td>
<td>Means official quotation by ASX in accordance with the ASX Listing Rules</td>
</tr>
<tr>
<td><strong>Opening Date</strong></td>
<td>Means 3 September 2018</td>
</tr>
<tr>
<td><strong>Option</strong></td>
<td>Means an option to acquire a Share</td>
</tr>
<tr>
<td><strong>Patents</strong></td>
<td>Means the patents held by the Company and set out in Section 3.9</td>
</tr>
<tr>
<td><strong>Portfolio Manager</strong></td>
<td>A person licensed by the Israel Securities Authority as a Portfolio Manager</td>
</tr>
<tr>
<td><strong>Pro Forma Financial Information</strong></td>
<td>Has the meaning given in Section 4</td>
</tr>
<tr>
<td><strong>Pro Forma Historical Financial Information</strong></td>
<td>Has the meaning given in Section 4</td>
</tr>
<tr>
<td><strong>Prospectus</strong></td>
<td>This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document</td>
</tr>
<tr>
<td><strong>Prospectus Date</strong></td>
<td>The date this Prospectus was lodged with the ASIC</td>
</tr>
<tr>
<td><strong>quinzee Machine</strong></td>
<td>Means a fully automated stand-alone vending machine developed by Nice-Vend, which uses proprietary technology to prepare and serve Textured Frozen Beverages automatically and on-demand</td>
</tr>
<tr>
<td><strong>QSR</strong></td>
<td>Means quick-service-restaurants (such as fast food restaurants)</td>
</tr>
<tr>
<td><strong>Share</strong></td>
<td>A fully paid ordinary share in the Company</td>
</tr>
<tr>
<td><strong>Shareholder</strong></td>
<td>The registered holder of a Share</td>
</tr>
<tr>
<td><strong>Share Option Plan</strong></td>
<td>Has the meaning given in Section 6.2.4</td>
</tr>
<tr>
<td><strong>Share Registry</strong></td>
<td>Boardroom Pty Ltd</td>
</tr>
<tr>
<td><strong>Statutory Financial Information</strong></td>
<td>Has the meaning given in Section 4</td>
</tr>
<tr>
<td><strong>Statutory Forecast Financial Information</strong></td>
<td>Has the meaning given in Section 4</td>
</tr>
<tr>
<td><strong>Statutory Historical Financial Information</strong></td>
<td>Has the meaning given in Section 4</td>
</tr>
<tr>
<td><strong>Subsidiary</strong></td>
<td>Has the meaning given in section 9 of the Corporations Act</td>
</tr>
<tr>
<td><strong>Textured Frozen Beverage</strong></td>
<td>A flavoured beverage product made with crushed ice and flavoured syrup or a beverage base, which is heavily blended until the final mixture is smooth</td>
</tr>
<tr>
<td><strong>TFN</strong></td>
<td>Tax file number</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td>Means the United States of America</td>
</tr>
<tr>
<td><strong>USDA</strong></td>
<td>United States Department of Agriculture</td>
</tr>
<tr>
<td><strong>US Securities Act</strong></td>
<td>United States Securities Act of 1933</td>
</tr>
<tr>
<td><strong>US$ or USD</strong></td>
<td>Means a United States of America dollar</td>
</tr>
<tr>
<td><strong>Weider</strong></td>
<td>Weider Global Nutrition LLC</td>
</tr>
<tr>
<td><strong>Wissotzky</strong></td>
<td>Wissotzky Ltd</td>
</tr>
<tr>
<td><strong>YTY</strong></td>
<td>Y.T.Y. Lenny Investments Ltd</td>
</tr>
</tbody>
</table>
Directors of the Company
Directors on Completion of the Offers
Ehud (Udi) Klier (Executive Director and CEO)
Nachshon Akiva (Non-Executive Director)
Amihai Beer (Non-Executive Director)
Daniel Rozental (Non-Executive Director)
Shimon Shoval (Independent Non-Executive Director)
Sophie Karzis (Independent Non-Executive Director)
Rod Walker (Independent Non-Executive Director)

Outgoing Directors
Aharon Lukach (Non-Executive Director)
Yaniv Buskila (Non-Executive Director)
Aviv Dagan (Non-Executive Director)

Company Secretary
Kobe Li
C/- Boardroom Pty Ltd
Level 7, 333 Collins Street
Melbourne, VIC 3000
Australia

Financial Advisor
Kentgrove Capital Pty Ltd
Level 4, North Building
333 Collins Street
Melbourne, VIC 3000
Australia

Principal Office
3 Hamekonai Street,
Hod Hasharon, 4527712
Israel

Postal Address
C/- Holding Redlich
Level 8, 555 Bourke Street
Melbourne, VIC 3000
Australia

ASX Code
ASX:NVD

Lead Manager
APP Securities Pty Ltd
Level 41, 259 George Street
Sydney, NSW 2000
Australia

Israel Legal Advisor
Gornitzky & Co.
45 Rothschild Boulevard
Tel-Aviv, 6578403
Israel

Australian Legal Advisor
Holding Redlich
Level 8, 555 Bourke Street,
Melbourne, VIC 3000
Australia

Auditors
Fahn Kanne & Co. Grant Thornton Israel
Fahn Kanne House
32 Hamasger Street,
Tel-Aviv, 6721118
Israel

Investigating Accountant
Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
Sydney, NSW 2000
Australia

Firm Providing Industry Report
Frost & Sullivan Australia Pty Ltd
Suite 1.02, Level 1, 54 Miller Street
North Sydney, NSW 2060
Australia

Share Registry
Boardroom Pty Ltd
Grosvenor Place
Level 12, 255 George Street
Sydney, NSW 2000
Australia