This Prospectus contains the following offers:

• the offer of 21,000,000 Shares at an issue price of $0.20 each to raise $4,200,000 (Public Offer);

• oversubscriptions may be accepted for up to a further 3,750,000 Shares at an issue price of $0.20 per Share to raise up to a further $750,000 (Oversubscription Offer);

• the offer of 76,500,000 Shares to the Spreedbox Vendors in consideration for the transfer of all of their respective equity interests in Spreedbox to the Company (Vendor Offer); and

• the offer of up to 2,358,679 new Shares to the Lead Manager (Adviser Offer).

IMPORTANT INFORMATION
This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

The Shares offered pursuant to this Prospectus should be considered highly speculative.
IMPORTANT NOTICES

This is an important document that should be read in its entirety. If you are in any doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant or other professional adviser.

The Shares offered under this Prospectus should be considered a highly speculative investment.

OFFER

This Prospectus is issued by Spreedbox Holdings Limited ACN 616 092 454 (Company) for the purposes of chapter 6D of the Corporations Act 2001 (Cth) (Corporations Act). The Offer has four components: the Public Offer of 21,000,000 Shares to raise $4,200,000 at an issue price of $0.20 per Share; the Oversubscription Offer of 3,750,000 Shares at an issue price of $0.20 per Share to raise up to a further $750,000; the Vendor Offer of 76,500,000 Shares; and the Adviser Offer of up to 2,358,679 Shares. Each component of the Offer is made by the Company.

LODGEMENT AND LISTING

This Prospectus is dated 26 September 2017 and was lodged with ASIC on that date (Prospectus Date). The Company will apply to ASX within 7 days of the Prospectus Date for admission of the Company to the Official List and quotation of its Shares on ASX. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

EXPIRY DATE

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

NOTE TO APPLICANTS

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

It is important that you read this Prospectus carefully and in its entirety and seek professional advice where necessary before deciding to invest in the Company.

In particular, you should consider the risk factors that can affect the performance of the Company prior to deciding whether to invest in the Shares. There are risks associated with an investment in the Shares which must be regarded as speculative investment. Some of the key risk factors that should be considered by prospective investors are set out in section 6.

There may also be risks in addition to those that should be considered in light of your personal circumstances (including financial and tax issues).

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Shares.

No person named in this Prospectus warrants or guarantees the Company’s business, operations, financial performance and results, the Company’s plans, objectives and expectations for its business, operations, financial performance and conditions. Any statements in this Prospectus that are not historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as ‘aim’, ‘anticipate’, ‘assume’, ‘believes’, ‘can’, ‘could’, ‘due’, ‘estimate’, ‘expect’, ‘goal’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘predict’, ‘potential’, ‘positioned’, ‘should’, ‘target’, ‘will’, ‘would’ and other similar words that connote predictions or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company’s business and the industry in which the Company operates and management’s beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company’s control. As a result, any or all of the Company’s forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may prevent these forward-looking statements from being realised or make these statements inaccurate include, but are not limited to, the risk factors described in section 6.

Potential investors and other readers are urged to consider these risk factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements.

These forward-looking statements speak only as at the date of this Prospectus. Unless required by law, the Company does not intend to publicly update or review any forward-looking statements to reflect new information or future events or circumstances.

FORECASTS AND FORWARD-LOOKING STATEMENTS

All references to forecasts or projections in this Prospectus are forward-looking statements. Unless otherwise stated or implied, all pro forma data in this Prospectus gives effect to the pro forma adjustments referred to in Appendix 1 of section 9.

FOREIGN OFFER RESTRICTIONS

This Prospectus does not constitute an offer or invitation to apply for Shares in any place which, by or to any person whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia, New Zealand or Germany. In Germany, the Offer is open only to a person who is a ‘qualified investor’ within the meaning of the European Prospectus Directive (Directive 2003/71/EC) as amended and implemented in Germany. The distribution of this Prospectus outside Australia, New Zealand or Germany may be restricted by law and persons coming into possession of this Prospectus outside Australia, New Zealand or Germany should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Shares, please refer to section 8.10.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing Applications to subscribe for Shares under the Offer in the seven-day period after the Prospectus Date (the Exposure Period). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds.
under the Offer. This Prospectus will be made generally available to Australian residents during the Exposure Period, without the Application Form, by being posted on the following website: www.spreedbox.biz. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period.

APPLICATIONS
Applications may be made only during the Offer Period on the appropriate application form (Application Form) attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from www.spreedbox.biz/prospectus/application. By making an Application under this Prospectus, you represent and warrant that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the completed and unaltered version of this Prospectus.

ELECTRONIC PROSPECTUS
The Company proposes to make this Prospectus available on its website at www.spreedbox.biz/prospectus. The information on www.spreedbox.biz/prospectus does not form part of this Prospectus. The Offer constituted by this Prospectus in electronic form is available only to persons within Australia. It is not available to persons in other jurisdictions (including persons in the United States of America). Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a print copy of it, you should contact the Company. A paper copy of this Prospectus will be available for Australian residents free of charge by contacting the Spreedbox Offer Information Line on 1300 737 750 between 8:30am and 5:30pm (AEDT), Monday to Friday.

APPLICATIONS
Applications for Shares may only be made on either a printed copy of the Application Form attached to, or accompanying this Prospectus, or via the electronic Application Form attached to the electronic version of this Prospectus, available at www.spreedbox.biz/prospectus. If this Prospectus is found to be deficient, any Application may need to be dealt with in accordance with section 724A of the Corporations Act.

NO COOLING-OFF RIGHTS
Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

TERMS AND ABBREVIATIONS
Defined terms and abbreviations in this Prospectus are explained in section 13.

TIME
All references to time in this Prospectus refer to Australian Eastern Daylight Time (AEDT) unless stated otherwise.

CURRENCY
Unless otherwise noted in this Prospectus, all references to "$", "A$" or "dollars" are to Australian dollars and references to "US$" are to United States dollars.

TIMETABLE
Notwithstanding any provision of this Prospectus, the Company may, from time to time and without giving any notice, abridge or further abridge, extend or further extend any period or vary or further vary any date referred to in this Prospectus for such period or to such later date as the Company thinks fit, whether or not the period to be extended has expired, or the date to be varied has passed.

PRIVACY
The Company will collect, hold, use and disclose personal information provided by investors to allow it to process your Application, service your needs as a security holder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Company will need to collect your personal information (for example, your name, address and details of the Shares that you hold). Under the Corporations Act, some of this information must be included in the Company’s share register, which will be accessible by the public. The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Company and its Registry may not be able to process your Application. The Company may also share your personal information with service providers of the Company or others who provide services on the Company’s behalf, some of which may be located outside of Australia.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company’s privacy policy located at www.spreedbox.biz/privacy (Privacy Policy). Alternatively, you can contact the Spreedbox Offer Information Line on 1300 737 760 (within Australia), or +61 2 9290 9600 (outside Australia), or by email at hello@spreedbox.biz and the Company will send you a copy of the Privacy Policy free of charge. It is recommended that you obtain a copy of the Privacy Policy and read it carefully before making an investment decision. By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Privacy Policy.

The Privacy Policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of Australian privacy laws, and how the Company will deal with your complaint.

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

FURTHER QUERIES
Call the Spreedbox Offer Information Line on 1300 737 760 (within Australia) and +61 2 9290 9600 (outside Australia) between 8:30am and 5:30pm (AEDT), Monday to Friday if you require assistance to complete the Application Form, require additional copies of this Prospectus or have any questions in relation to the Offer. If you are unclear in relation to any matter or are uncertain as to whether the Shares available under the Offer are a suitable investment for you, you should seek professional advice from your solicitor, stockbroker, accountant, tax adviser or other independent and qualified professional adviser before deciding whether or not to invest.
Key Offer Information
Indicative timetable

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<tr>
<td>Prospectus Date</td>
</tr>
<tr>
<td>Offer opens</td>
</tr>
<tr>
<td>Offer closes</td>
</tr>
<tr>
<td>Issue and Allotment of Shares under the Offer</td>
</tr>
<tr>
<td>Expected date for dispatch of holding statements</td>
</tr>
<tr>
<td>Trading of shares commences on ASX (on a normal settlement basis)</td>
</tr>
</tbody>
</table>

These above dates are indicative only and may vary. The Company reserves the right to amend any and all of the above dates without prior notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early or to extend the Closing Date). Applicants are encouraged to submit their Applications as soon as possible after the Opening Date.

Key offer statistics

<table>
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</tr>
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<tr>
<td>Company</td>
</tr>
<tr>
<td>Proposed ASX code</td>
</tr>
<tr>
<td>Issue Price per Share under the Public Offer and Oversubscription Offer</td>
</tr>
<tr>
<td>Minimum Subscription</td>
</tr>
<tr>
<td>Number of Shares on issue at the date of this Prospectus</td>
</tr>
<tr>
<td>Number of Shares offered under the Public Offer and Oversubscription Offer</td>
</tr>
<tr>
<td>Gross proceeds under the Public Offer and Oversubscription Offer</td>
</tr>
<tr>
<td>Number of Shares to be issued under Vendor Offer</td>
</tr>
<tr>
<td>Number of Shares issued under the Adviser Offer</td>
</tr>
<tr>
<td>Total number of Shares on issue following completion of the Offer</td>
</tr>
<tr>
<td>Market capitalisation following completion of the Offer</td>
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</table>

* Assumes all the 3,750,000 Shares offered under the Oversubscription Offer are taken up.
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1. Chairman’s Letter

26 September 2017

Dear Investor,

On behalf of the Board of Directors, I am pleased to present you with this opportunity to become a security holder of Spreedbox Holdings Limited ACN 616 092 454 (Company).

The Company is an unlisted public Australian company incorporated in November 2016. The Company has entered into a Share Purchase Agreement (SPA) with the shareholders of Spreedbox Pty Ltd (Spreedbox). The acquisition of all the equity interests in Spreedbox under the SPA will be completed on listing of the Company. Spreedbox offers a technology solution to secure cloud, data and communication over the Internet providing privacy and security to voice, video, conferencing, instant messaging, and file sharing.

Among highly-secure state-of-the-art encryption methods Spreedbox device is capable of cutting-edge post-quantum encryption (PQCRYPTO).

Organisations and individuals purchase the Spreedbox device which offers three complementary applications:

- **SecureMeet**: Targets the online meeting and web conferencing market by enabling secure voice chat, video chat, screen sharing and file sharing over the Internet using the WebRTC standard.
- **SecureFileShare**: Enables a private cloud that remains securely within the user’s firewall and under the control of the user.
- **SecureIM**: Allows the exchange of multi-media rich and secure instant messages.

As the Spreedbox device is self-hosted, the data is physically within the organisation’s control, and organisations do not have to rely on third parties to manage encryption keys and that encryption relied upon for security is within their control.

The Spreedbox device is also Open Source with the source code and hardware design available for review. The most demanding and security conscious customers can assure themselves that there is no backdoor and the security cannot be tampered with.

The Directors believe that there are a number of factors that make the Company an attractive investment opportunity, including:

- innovative approach combining secure WebRTC, Cloud and data technologies;
- experienced management team with strong industry track record and technical expertise;
- existing commercial products and sales generating revenues from multiple customers;
- multiple revenue sources and healthy margins;
- security advantages over competitors; and
- validation and acceptance of the Company’s products by customers in varying fields.

Under this Prospectus, the Company is seeking to:

- raise $4.2 million by the issue of 21,000,000 Shares under the Public Offer;
- raise oversubscriptions of up to $750,000 by the issue of up to 3,750,000 Shares under the Oversubscription Offer;
• undertake the Vendor Offer of 76,500,000 Shares to the Spreambox Vendors as consideration for the sale and transfer of all their respective equity interests in Spreambox to the Company; and

• issue up to 2,358,679 Shares to the Lead Manager under the Adviser Offer.

On completion of the Offer (assuming all of the Shares offered under the Oversubscription Offer are taken up), the Company will have a market capitalisation (at the Issue Price) of $20.9 million.

This Prospectus contains detailed information about the Offer and the financial and operating performance of the Company and Spreambox. It also includes a description of the key risks associated with an investment in the Offer and the Company. I encourage you to read this Prospectus carefully, and in its entirety, before making your investment decision. You should seek professional advice if required.

The current and proposed Directors believe that Spreambox has the potential to create significant shareholder value. Furthermore, the Directors believe the opportunity is compelling due to the market positioning, its value proposition compared to other cloud technologies, and its substantial, global market potential.

On behalf of the Board, I look forward to welcoming you as an investor.

Yours sincerely,

Neil Martin McDermott

Proposed Non-Executive Director and Independent Chairman
2. Investment Overview

2.1 Important Notice

The information set out in this section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares under the Offer, you should read this Prospectus carefully and in its entirety.

If needed, you should ensure that you consult your professional advisers before deciding whether to invest in Shares.

2.2 About the Company

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<tr>
<th>Question</th>
<th>Answer</th>
<th>See section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who is making the Offer?</td>
<td>Spreedbox Holdings Limited ACN 616 092 454 (Company), an Australian unlisted public company.</td>
<td>4 and 8</td>
</tr>
<tr>
<td>What is the Company’s business?</td>
<td>The primary objective of the Company is to offer a technology solution to secure cloud, data and communication over the Internet providing privacy and security to voice, video, conferencing, instant messaging, and file sharing.</td>
<td>4.3</td>
</tr>
</tbody>
</table>
| What is the offer? | The Offer comprises:  
  • Public Offer: 21,000,000 new Shares are being offered to raise at least $4,200,000;  
  • Oversubscription Offer: oversubscriptions for up to a further 3,750,000 Shares are also being offered to raise up to a further $750,000;  
  • Vendor Offer: The offer of 76,500,000 Shares to the Spreedbox Vendors as consideration for the acquisition of all the issued equity interests of Spreedbox Pty Ltd (Spreedbox); and  
  • Adviser Offer: an offer of up to 2,358,679 Shares to the Lead Manager. | 8           |
| Why is the offer being conducted? | The Company intends to apply funds raised from the Offer:  
  • to pay for costs and expenses associated with the Offer;  
  • to scale up production of the Spreedbox device to meet customer demand;  
  • to conduct marketing and to manage distribution costs;  
  • to pay for ongoing research, development, management and administration costs; and  
  • for working capital. | 8.3         |
| Why was the proposed corporate structure adopted? | The proposed structure will result in Spreedbox becoming the wholly owned operational subsidiary of the Company. This structure has been chosen to isolate operational liabilities and to protect IP and other assets. | 4           |
### Question | Answer | See section
--- | --- | ---
Who are the Company’s main competitors? | The direct competitors of the Company primarily are:  
- Google (whose products are Google Hangout and Google Drive);  
- Microsoft (whose products are Skype and OneDrive); and  
- Bitrix24 (whose products comprise software-as-a-service and a self-hosted suite of social collaboration, communication and management tools, with source code available at an additional charge). However, none of the competitors offer a private cloud, WebRTC unified communications solution which is self-hosted like the Spreedbox device. | 3.4

What is the Company’s strategy for growth? | In order to ramp up sales of the Spreedbox device, the Company will engage distributors and value added resellers. The Company intends to appoint a maximum of two distributors in each territory. Approximately 20 distributors and resellers have already been appointed directly or indirectly in Australia, Asia, Europe, Africa and South America.

The Company has established strategic alliances with struktur AG and Conceiva Pty Ltd. struktur AG is partly owned by a Proposed Director, Niels Mache and Conceiva Pty Ltd is partly owned by the CTO of Spreedbox Pty Ltd. The Company has entered into manufacturing and service agreements with struktur AG. Each of the above is committed through contract, agreement or equity participation. | 4.4 and 4.5

### 2.3 Key features of the Company’s business

| Question | Answer | See section |
--- | --- | ---
How does the Company generate its revenue? | The Company’s revenue is derived from:  
- one-off sales of the Spreedbox devices;  
- one-off software application licenses (these licensing fees are incurred on purchase of a Spreedbox device);  
- ongoing annual support and maintenance of software applications (optional);  
- ongoing annual extended warranty hardware programs (optional); and  
- Custom solution development and integration for large installations. | 4.4

What is the Company’s historical financial performance? | The Company’s historical and pro forma historical financial information for the year ended 30 June 2017 (Financial Information) is section out in Appendix 1 of the Investigating Accountant’s Report contained in section 9. | 9
## 2.4 Key strengths

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>See section</th>
</tr>
</thead>
</table>
| What are the key benefits associated with an investment in the Company? | The key benefits of an investment in the Company include:  
• an investment in a developing business with an innovative and highly secure, privacy-focused product means the Company is well positioned in high growth market segments — online meetings, instant messaging and secure file sharing;  
• a multi-award winning technology product that is market-ready with strong propositions — low cost, hyper secure and trustworthy;  
• exciting growth potential from recurring revenues, product extensions and new product categories in a market that is increasingly focused on privacy and cyber-security;  
• broad market potential given the product has global appeal with a diverse customer landscape — SMEs to telecommunications providers, corporates and government customers;  
• an established, diverse and fast growing global channel partner footprint which can be leveraged immediately; and  
• an experienced management team and board of directors that have a strong combination of deep markets knowledge, commercial acumen and technology expertise. | 4 |
| What are the Company’s target markets? | The Company targets market sectors that seek the following:  
• reduction of operational costs. Operational costs reduced with fewer business trips; meeting instead via online video meetings and sharing documents through a secured cloud;  
• privacy and security of their data and communications; and  
• compliance with privacy legislation.  
The features and value propositions offered by the Spreedbox device are as follows:  
• Self-hosting: Organisations that need to comply with industry regulations such as HIPAA, SCORM or FIPS 140-2 are normally not allowed to use public clouds.  
• Security through Open Source: Proprietary systems are generally perceived to be less secure because there is no assurance on the absence of backdoors.  
• Unified communications: The market segments targeted may also have an interest in unified communications, particularly those that may deal with the public.  
At present, the Company is targeting the Government, Medical, Insurance, Legal, Banking and other industry sectors requiring secure unified communications. | 3.3 |
Experienced management team and Board of Directors

The proposed Board of the Company on its admission to the Official List will comprise:

- Neil Martin McDermott (Non-Executive Director and Independent Chairman);
- Alan Robert Fraser (Non-Executive Independent Director);
- Niels Mache (Non-Executive Director);
- Andrew Sivanandam (Chief Executive Officer and Executive Director); and
- Soon H. Teh (Chief Operating Officer and Executive Director).

2.5 Summary of key risks

The business, assets and operations of the Company are subject to certain risks that can influence operating and financial performance in the future. These risks have the potential to impact on the value of an investment in the Company.

The Board aims to manage these risks by carefully planning its activities and implementing mitigating risk control measures. However, it is noted that some risks are unforeseen and therefore the extent to which these risks can be effectively managed is somewhat limited.

Set out below are specific key risks that the Company is exposed to if the Acquisition proceeds. Further risks associated with an investment in the Company are outlined in section 6.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>See section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited operating history</td>
<td>The Company and Spreedbox have a limited trading history. The Company is in the early phase of the business cycle and as such carries the normal risks of a start-up business.</td>
<td>6.1</td>
</tr>
<tr>
<td>Market risks</td>
<td>The sales potential for the Company’s solutions is still at a relatively commercially early stage. The ongoing and future demand for the Company’s products and solutions, in existing and target markets, is yet to be fully established and is uncertain.</td>
<td>6.1</td>
</tr>
<tr>
<td>Regulatory risk</td>
<td>The Company’s existing and target customers are in a number of countries. Laws and regulations which govern the use and deployment of encrypted communications and data transmitting devices vary depending on jurisdiction and, given the rapidly evolving nature of the industry, could reasonably be expected to vary over time.</td>
<td>6.1</td>
</tr>
<tr>
<td>Competitor and pricing risk</td>
<td>The Company is subject to risk from competitors, including the introduction of new and emerging technologies, improvements in existing product offerings and price reductions from existing comparative technologies. Several global IT companies operate in Australian cloud services market. However, most of these do not provide private cloud services (which is the Company’s area of expertise and specialisation), but may cause downward price pressure on private cloud services, thus reducing margins and revenue available to the Company.</td>
<td>6.1</td>
</tr>
<tr>
<td>Supply and manufacturing risk</td>
<td>The Spreedbox device is a manufactured hardware item and there is a risk that the Company’s contract manufacturing and assembly relationship may not function reliably, efficiently, or cost effectively.</td>
<td>6.1</td>
</tr>
<tr>
<td>Technology risk</td>
<td>There is a risk that in certain conditions and environments the Spreedbox device or software technologies may be less reliable, or of reduced functionality, or may not work to the standard expected.</td>
<td>6.1</td>
</tr>
</tbody>
</table>
## 2.6 Directors and key management personnel

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
<th>See section</th>
</tr>
</thead>
</table>
| Who are the Directors of the Company? | On admission to the Official List, the Board of the Company will comprise:  
• Neil Martin McDermott (proposed Non-Executive Director and Independent Chairman);  
• Alan Robert Fraser (proposed Non-Executive Independent Director);  
• Niels Mache (proposed Non-Executive Director);  
• Andrew Sivanandam (proposed Executive Director); and  
• Soon H. Teh (proposed Executive Director). | 7.2 |
| Who are the key management personnel of Spreedbox and what is their expertise? | • Andrew Sivanandam (Chief Executive Officer);  
• Soon H. Teh (Chief Operating Officer);  
• Geoffrey Nicholas (Chief Financial Officer); and  
• Paul Schumann (Chief Technology Officer). | 7.3 |
### What are the Directors paid?

**Current Directors**

Since incorporation of the Company and up to the date of this Prospectus, the current Directors have received the following remuneration:

- Ian Sanderson - $5,000. Ian is also entitled to a success fee of $20,000 payable on the Company’s admission to the Official List;
- Richard Ochojski - $9,000. Richard is also entitled to a success fee of $20,000 payable on the Company’s admission to the Official List.
- Craig James - $9,000.

On the date of the Company’s admission to the Official List, the current Directors will be replaced by the proposed Directors.

**Proposed Directors**

- Neil Martin McDermott will receive $40,000 per annum (inclusive of superannuation) for the provision of his services as Independent Chairman.
- Alan Fraser and Niels Mache will each receive $30,000 per annum (inclusive of superannuation) for the provision of their services as Non-Executive Directors.
- Andrew Sivanandam and Soon Teh will be employed as executives of the Company and will each receive total remuneration of $180,000 per annum (inclusive of superannuation).

<table>
<thead>
<tr>
<th>Proposed Directors (and their associates)</th>
<th>Shares</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neil Martin McDermott</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Alan Robert Fraser</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Soon Heng Teh</td>
<td>18,281,951</td>
<td>17.49%</td>
</tr>
<tr>
<td>Niels Mache (and his associates(^1))</td>
<td>25,761,098</td>
<td>24.64%</td>
</tr>
<tr>
<td>Andrew Mahesan Sivanandam</td>
<td>18,281,951</td>
<td>17.49%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>62,325,000</strong></td>
<td><strong>59.62%</strong></td>
</tr>
</tbody>
</table>

\(^1\) On completion of the Acquisition, Niels Mache will directly hold 18,281,951 Shares and Nextcloud GmbH, an entity controlled by Niels Mache, will hold 7,479,147 Shares.

### What will the interests of the Board be following Listing?

Other than as set out below or elsewhere in this Prospectus, no current or proposed Director has, or has had within two years preceding lodgement of this Prospectus with ASIC:

- any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; and
- no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any current or proposed Director, either to induce him or her to become, or to qualify them as a Director, or otherwise, for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

### What significant benefits are there to Directors and other persons connected with the Company or the Offer?

The Company has adopted an employee share option plan (ESOP).

### Does the Company have an employee incentive plan?

Some or all of the Shares may be classified as restricted securities for an escrow period of between 12 to 24 months from the date on which Official Quotation of those Shares commences. Prior to the commencement of Official Quotation, the Company will announce to ASX full details (quantity and duration) of any restricted securities.
## 2.7 Summary of the Offer

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
<th>See section</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What is the Offer?</strong></td>
<td>Under this Prospectus, Spreedbox is seeking to:</td>
<td>2.2 &amp; 8.1</td>
</tr>
<tr>
<td></td>
<td>• raise $4.2 million by the issue of 21,000,000 Shares under the Public Offer;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• raise oversubscriptions of up to $750,000 by the issue of up to 3,750,000 Shares under the Oversubscription Offer;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• undertake the Vendor Offer of 76,500,000 Shares to the Spreedbox Vendors as consideration for the sale and transfer of all of their respective equity interests in Spreedbox to the Company; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• issue up to 2,222,668 (Minimum Subscription) or 2,358,679 (Maximum Subscription) Shares to advisers under the Adviser Offer.</td>
<td></td>
</tr>
<tr>
<td><strong>What are the key Offer dates?</strong></td>
<td>Offer opens</td>
<td>10 October 2017</td>
</tr>
<tr>
<td></td>
<td>Offer closes</td>
<td>24 November 2017</td>
</tr>
<tr>
<td></td>
<td>Issue and Allotment of Shares under the Offer</td>
<td>6 December 2017</td>
</tr>
<tr>
<td></td>
<td>Expected date for dispatch of holding statements</td>
<td>7 December 2017</td>
</tr>
<tr>
<td></td>
<td>Trading of shares commences on ASX</td>
<td>8 December 2017</td>
</tr>
<tr>
<td><strong>How will the Company use the proceeds from the Public Offer?</strong></td>
<td>The Company intends to apply funds raised from the Offer:</td>
<td>8.4</td>
</tr>
<tr>
<td></td>
<td>• to pay for costs and expenses associated with the Offer;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• to scale up production of the Spreedbox device to meet customer demand;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• to conduct marketing and to manage distribution costs;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• to pay for ongoing research, development, management and administration costs; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• for working capital.</td>
<td></td>
</tr>
<tr>
<td><strong>What rights and liabilities attach to the Shares?</strong></td>
<td>The new Shares being issued under the Offer will rank equally in all respects with the Shares held by the existing Shareholders. The rights and liabilities attaching to all Shares are detailed in the Company’s Constitution.</td>
<td>11.2</td>
</tr>
<tr>
<td><strong>Is the Offer underwritten?</strong></td>
<td>No, the Offer is not underwritten.</td>
<td>8.11</td>
</tr>
<tr>
<td><strong>Will I receive dividends on my Shares?</strong></td>
<td>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</td>
<td>8.12</td>
</tr>
<tr>
<td>What are the taxation implications?</td>
<td>The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.</td>
<td>11.6</td>
</tr>
<tr>
<td>How do I participate in the Public Offer and Oversubscription Offer?</td>
<td>To participate in the Public Offer and Oversubscription Offer, please complete the Application Form attached to this Prospectus and return it with payment of the application money before the Closing Date.</td>
<td>8.6</td>
</tr>
<tr>
<td>What is the minimum number of Shares I can apply for?</td>
<td>Applications under the Public Offer and Oversubscription Offer must be for a minimum of 10,000 Shares at the Share Price of $0.20 (total cost of $2,000) and then in multiples of 1,000 Shares ($200).</td>
<td>8.6</td>
</tr>
<tr>
<td>Can the offer be withdrawn?</td>
<td>The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, the Registry, or the Company will refund application monies. No interest will be paid on application monies refunded as a result of the withdrawal of the offer.</td>
<td>8.8</td>
</tr>
<tr>
<td>Where can I find more information?</td>
<td>If you have questions in relation to the Offer, please contact the Spreadbox Offer Information Line on 1300 737 760 (within Australia) and +61 2 9290 9600 (outside Australia) between 8.30am and 5.30pm (AEDT), Monday to Friday.</td>
<td>8.16</td>
</tr>
</tbody>
</table>
3. Industry overview

3.1. Market Overview

Improvements in technology such as fast broadband and cloud-based services has meant that it is viable for people to meet and collaborate via online meetings and web conferences, chat, and to exchange and store documents. As sensitive data is transferred between online platforms, legitimate questions have been raised about the security and privacy of such information transfer and storage. There is an increasing risk of a breach in the integrity, security and privacy of communications and data for organisations and individuals.

One third 32% of Australian organisations have suffered a security breach in the past 12 months

69% of businesses say cyber security is a high priority for senior managers and

65% of large firms detected a cyber security breach or attack in the past year.

A$2.64 mil is the total average cost paid by an Australian company from a data breach.

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2 IBM, “2016 Cost of Data Breach Study: Australia”, Benchmark research sponsored by IBM. Independently conducted by Ponemon Institute LLC, June 2016
Spreedbox leverages the nexus of two rapidly expanding and relevant markets – cloud security and communications (web conferencing and messaging) security.

### Cloud Security

<table>
<thead>
<tr>
<th>Market Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The cloud storage market was worth approximately US$18.87B in 2015 and it is estimated to reach up to US$67 bil by 2022.</td>
</tr>
</tbody>
</table>

### Communications Security

<table>
<thead>
<tr>
<th>Market Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The global web conferencing market, including SaaS, managed services and on-premises systems grew 9.8% in 2015 to reach US$2.41 bil.</td>
</tr>
<tr>
<td>• Web conferencing software and services is expected to grow to an estimated US$3.6 bil by 2020.</td>
</tr>
<tr>
<td>• Worldwide instant messaging user accounts (consumer and enterprise), excluding mobile messaging, are expected to grow from over 5.8 bil in 2017 to over 8.3 bil by year-end 2021.</td>
</tr>
</tbody>
</table>

### The Company’s Response

<table>
<thead>
<tr>
<th>Market Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cloud emergence and mandatory regulations are simultaneously helping in the growth of the cloud storage market.</td>
</tr>
<tr>
<td>• Globalisation and workforce decentralisation are key major drivers in the growth of this market.</td>
</tr>
<tr>
<td>• Instant messaging offers real-time transmission and is a cheap alternative to SMS.</td>
</tr>
<tr>
<td>• The Spreedbox device offers private cloud storage to eliminate offsite security risks and possible data breaches from shared public clouds.</td>
</tr>
<tr>
<td>• The Spreedbox device utilises Nextcloud’s private cloud, designed specifically for enterprises with the corresponding level of security demanded.</td>
</tr>
<tr>
<td>• The market is being driven by simplification, lower-prices and migration from stand-alone solutions to web and videoconferencing. All features offered by the Spreedbox device.</td>
</tr>
<tr>
<td>• WebRTC and VoIP become cornerstone technologies lowering barriers to adoption. These technologies are used by the Spreedbox device.</td>
</tr>
</tbody>
</table>

---


3.2 Market Trends

The Spreedbox device addresses a number of market trends in cloud storage, web conferencing and instant messaging.

### Cloud Storage Trends

<table>
<thead>
<tr>
<th>Trend</th>
<th>Status</th>
<th>Spreedbox Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Move to private cloud</td>
<td>Public, shared cloud solutions such as Google Drive and Dropbox have multiple clients hosted on a single cloud (multi-tenanted clouds). There is a trend towards personal and private cloud storage solutions. Private cloud storage uses a service delivery model with storage offered on dedicated infrastructure offering the same scalability benefits of public cloud storage while addressing security and performance concerns. Hybrid cloud storage solutions allow data to be stored on local storage devices as well as on public storage devices.</td>
<td>The Spreedbox device with SecureFileShare offers a private cloud as well as a hybrid cloud storage solution.</td>
</tr>
<tr>
<td>Federated cloud sharing</td>
<td>Federated storage is a means of integrating and combining all kinds of public and private storage sources within an organisation's infrastructure. This federated cloud sharing allows the sharing of files between storages for choice and flexibility</td>
<td>The Spreedbox device with SecureFileShare supports federated cloud sharing.</td>
</tr>
</tbody>
</table>

### Web Conferencing Trends

<table>
<thead>
<tr>
<th>Trend</th>
<th>What has happened?</th>
<th>Spreedbox Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shift to desktop and personal devices</td>
<td>The four major categories in web conferencing are telepresence, room, desktop and personal device. Studies suggest the demand for room-based video conferencing is declining, with cloud-based and web browser-based systems for desktops and mobile devices becoming more widely accepted.</td>
<td>The Spreedbox device with SecureMeet supports video conferencing on desktop and personal devices.</td>
</tr>
<tr>
<td>Unified communications</td>
<td>Unified communications (UC) was primarily driven by the telephony channel. However, the UC market is now growing with added communication channels such as video conference, online meetings, enterprise messaging and web based collaboration. The drivers for UC are flexibility, reduced travel time, constant communication with the workforce and cost effectiveness.</td>
<td>The Spreedbox device with SecureFileShare, SecureMeet and SecureIM is a comprehensive unified communications platform</td>
</tr>
<tr>
<td>Shift to WebRTC</td>
<td>WebRTC is a standard, enabling plugin-free, Real Time Communications in the web browser. It includes the fundamental building blocks for high-quality communications such as network, audio, and video components used in voice and video chat applications. WebRTC works over virtually any device, across virtually any network with carrier-grade reliability and security. Before WebRTC, P2P (peer-to-peer) communication was dominated by proprietary standards that were encumbered with the need for material capital expenditure and poor scalability issues, limiting such communication to large corporations.</td>
<td>The Spreedbox device with SecureMeet supports current as well as proposed WebRTC standards, H.265 and VP9.</td>
</tr>
</tbody>
</table>
## Instant messaging trends

<table>
<thead>
<tr>
<th>Trend</th>
<th>Status</th>
<th>Spreadbox response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Move away from text only SMS to multi-media rich instant messaging</strong></td>
<td>Compared to SMS, instant messaging is very low cost and can include multi-media content. SMS in general is not secure. Many reported security breaches of instant messaging apps.</td>
<td>The Spreedbox device with SecureIM supports secure multi-media instant messaging.</td>
</tr>
<tr>
<td><strong>Instant messaging for business</strong></td>
<td>Instant messaging is changing how people are engaging. Where it was primarily used for social interaction, instant messaging is today increasingly used for collaboration at work.</td>
<td>The Spreedbox device with SecureIM supports the exchange of encrypted messages and documents, making it suitable for businesses.</td>
</tr>
</tbody>
</table>
### 3.3 Target Segments

The Company targets market sectors that seek the following:

- **reduction of operational costs.** Operational costs reduced with fewer business trips; meeting instead via online video meetings and sharing documents through a secured cloud;
- **privacy and security of their data and communications; and**
- **compliance with privacy legislation.**

The features and value propositions offered by the Spreedbox device are as follows:

- **Self-hosting:** Organisations that need to comply with industry regulations such as HIPAA, SCORM or FIPS 140-2 are not normally allowed to use public clouds. Self-hosted systems, such as the Spreedbox device, generally have a lower on-going cost.

- **Security through Open Source:** Proprietary systems are generally perceived to be less secure because there is no assurance on the absence of backdoors. Open source solutions are generally more secure. The longevity of proprietary applications is dependent on the company owning the intellectual property operating as a going concern. Open source applications assure continuity through its community of developers.

- **Unified communications (UC):** The market segments targeted may also have an interest in unified communications, particularly those that may deal with the public or wish to have the benefit of interacting through the web without having to install an application.

Therefore, market segments that will benefit from the Spreedbox, but not limited to, are shown in the table below:

<table>
<thead>
<tr>
<th>Market segment</th>
<th>Self-hosted</th>
<th>Security</th>
<th>UC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Research</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Homeland Security</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Medical – Hospitals</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Medical – General practise</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Legal</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Financial – Banks</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Pharmaceutical</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Engineering industry</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

---

**Target market segments**

- **Self-hosted:** Organizations that need to comply with industry regulations such as HIPAA, SCORM or FIPS 140-2 are not normally allowed to use public clouds. Self-hosted systems, such as the Spreedbox device, generally have a lower on-going cost.
- **Security through Open Source:** Proprietary systems are generally perceived to be less secure because there is no assurance on the absence of backdoors. Open source solutions are generally more secure. The longevity of proprietary applications is dependent on the company owning the intellectual property operating as a going concern. Open source applications assure continuity through its community of developers.
- **Unified communications (UC):** The market segments targeted may also have an interest in unified communications, particularly those that may deal with the public or wish to have the benefit of interacting through the web without having to install an application.

Therefore, market segments that will benefit from the Spreedbox, but not limited to, are shown in the table below:
3.4 Competitors and Positioning

The competitor landscape today can be viewed relative to both cloud video conference and cloud storage solutions. There are many competitors in each of the video conferencing and cloud storage application markets, but there are few that offer the combination of the two.

<table>
<thead>
<tr>
<th>Vendors with cloud video conference and cloud storage solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Managed services</strong></td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td><strong>Cloud storage</strong></td>
</tr>
<tr>
<td><strong>Cloud video conference and cloud storage</strong></td>
</tr>
</tbody>
</table>

The direct competitors would primarily be:

- Google (whose products are Google Hangout and Google Drive);
- Microsoft (whose products are Skype and OneDrive); and
- Bitrix24 (whose products comprise software-as-a-service and a suite of social collaboration, communication and management tools, with source code available at an additional charge).

The addition of secure instant messaging as an added channel of communication positions the Spreedbox device as a contender in the secured unified communications market. The positioning will be reinforced with the introduction of a SIP⁶ (Session Initiation Protocol) bridge and MCU (multipoint control unit) applications in the Spreedbox device later in early 2018.

A SIP bridge will allow Spreedbox device users with a soft PABX to turn their browsers and Spreedbox app into a phone, to make and receive calls from and to any fixed or mobile phone.

The MCU will allow the Spreedbox device to overcome some of the limitations of P2P communication e.g. in P2P communication, every participant must have a separate connection with every other participant, which can exceed the available bandwidth and capacity of the processing capacity of a participant’s device. With an MCU, the Spreedbox device can have conference call scheduling, reminders, recording services, audio mixing (enhance audio quality and noise filtering) and video composition (video stream combination). The last feature is particularly important, as each participant in a conference call with the MCU will now only have to receive and transmit one single stream of video, increasing the number of participants in a meeting room from the recommended 6 today to many more.

⁶ Session Initiation Protocol (SIP), http://searchunifiedcommunications.techtarget.com/definition/Session-Initiation-Protocol
4. Business overview

4.1 Spreedbox Pty Ltd

Spreedbox Pty Ltd ACN 612 336 142 (Spreedbox) was incorporated on 11 May 2016. Spreedbox purchased the business, assets and intellectual property relating to the Spreedbox device from Nextcloud GmbH HRB 227086 (Nextcloud), pursuant to a sale agreement dated 1 September 2016.

As a result, Spreedbox obtained ownership over a variety of trademarks, internet domains, source code, design and mechanical licences, production and customer data and stock lists relating to the Spreedbox device.

4.1.1 Partnerships and Strategic Alliances

In addition to its agreement with Nextcloud outlined above, Spreedbox has established strategic alliances with struktur AG and Conceiva Pty Ltd (Conceiva). struktur AG is partly owned by a Proposed Director of the Company, Niels Mache and Conceiva is partly owned by Paul Schumann, the chief technology officer of Spreedbox.

struktur AG created the hardware and original design of the Spreedbox appliance. With insight and expertise in hardware and software design, plus established relationships with component suppliers and manufacturers, it was deemed more efficient for struktur AG to continue as a contractor in the short to medium term to further develop and manufacture the Spreedbox device. The contract is reviewed annually unless terminated by a written notice of not less than 120 days. For more information on the struktur AG agreement please refer to section 11.3 or www.struktur.de.

Conceiva is a Melbourne based company with more than 15 years' experience in design, development and marketing of innovative, world-class software products, online websites/services and mobile apps. Conceiva has an office in Japan. With a need to provide pre- and post-sales technical support, and development of the Spreedbox mobile apps, Spreedbox entered into a software engineering and support services agreement with Conceiva. For more information regarding the Conceiva agreement please refer to section 11.3 or www.conceiva.com.

4.2 Company History

Spreedbox Holdings Limited (Company), is an Australian public company which was incorporated on 24 November 2016. The Company was formed as a special purpose vehicle ("SPV") to acquire all of the assets of Spreedbox.

On 14 March 2017, the Company entered into a Share Purchase Agreement with the shareholders of Spreedbox (Spreedbox Vendors), to acquire 100% of the shares of Spreedbox (Acquisition). Further details of the terms of the Share Purchase Agreement are set out in section 11.3. The Acquisition will be completed on listing of the Company. Other than the proposed Acquisition of Spreedbox, the Company has not made any investments and has no material assets.

On completion of the Acquisition, Spreedbox will become a wholly owned subsidiary of the Company. As such, Spreedbox will be an operating subsidiary of the Company. This structure allows the isolation of Spreedbox’s liabilities in that company and the protection of IP and other assets. If other businesses are acquired in the future it is anticipated that those businesses will also become subsidiaries of the Company.

On completion of the Acquisition, the Company will be in the business of developing and marketing its technology solution to safeguard private communication and collaboration over the Internet, via the Spreedbox device and applications.

The Directors have obtained an independent valuation of Spreedbox from Valutech Pty Ltd, a specialist in the assessment and valuation of intangible assets including intellectual property. Valutech has valued the intangible assets in the range of $11.8 - 20.7 million, with a preferred valuation $15 million. Valutech's report on the assessment and valuation of Spreedbox's intangible assets is included in section 10.
4.3 Spreedbox overview

4.3.1 Solution overview and history

The primary objective of the Spreedbox device is to offer a technology solution to secure cloud, data and communication over the Internet providing privacy and security to voice, video, conferencing, instant messaging, and file sharing.

The short history of Spreedbox belies the more than 10 years of business and technology research and development that underpins the product. Niels Mache, one of the founders of Spreedbox, developed and patented technology for message authentication and the protocol for instant messaging plus other technologies, some of which are used in the Spreedbox device and Spreed, (a product for unified web meetings), and offered by struktur AG, a company Niels is associated with. Spreed, like products such as GoToMeeting and Webex, is offered through service infrastructure operated by the vendor, in this case, by struktur. Spreed is widely used in Europe and its video conferencing capability was licensed by Vodafone to be bundled as part of its Vodafone Conferencing Pro product offering in 2013.

The Spreedbox device is Niels’ vision, as chief architect of the company, of a product that offers the same services and features as Spreed, Skype, Dropbox and WhatsApp, but through a self-hosted, private and secure appliance instead of relying on “somebody else’s computer”, the popular meme for what is the cloud.
The Spreedbox device

Organisations and individuals purchase the Spreedbox device which houses three complementary applications:

- **SecureIM**: Enables the exchange of multimedia messages in real time with full end-to-end encryption and server-based encryption. The Spreedbox’s instant messaging application (branded as SecureIM) uses the latest instant messaging encryption standards – Jabber, XMPP, OMEMO and OTR.

- **SecureMeet**: Targets the online meeting and web conferencing market by enabling secure voice chat, video chat, screen sharing and file sharing over the Internet using the WebRTC standard.

- **SecureFileShare**: Enables private cloud data storage and sharing (the solution is from NextCloud GmbH and it is rebranded by Spreedbox as SecureFileShare) that remains securely within the user’s firewall and under the control of the user. The Spreedbox device acts as a Nextcloud server.

With Spreedbox capable of post-quantum encryption (PQCRYPTO) for encryption, digital-signing and block-chaining, it is planned to extend Spreedbox post-quantum encryption capabilities to software applications such as SecureMeet and SecureFileShare. As the Spreedbox device is self-hosted, users do not have to store their valuable documents and data on storage devices that are not physically in their control (such as cloud-based servers). Additionally, the users do not have to rely on third parties to manage encryption keys because the encryption relied upon for security is within their control.

The Spreedbox device uses Open Source code with the source code and hardware design available for review. The most demanding and security conscious customers can assure themselves that there is no backdoor and the security cannot be tampered with.
Usage Scenarios

Following are some usage scenarios for the Spreedbox device in an organisation.

SecureIM

- Discuss commercially sensitive matters
- Brainstorm on ideas
SecureFileShare

- Exchange documents through the organisation's (Spreedbox) private encrypted cloud.
- Retrieve/store documents on network drives, external servers and commercial public clouds. Files stored on public clouds will be encrypted by SecureFileShare.
- Seamlessly synchronise and work on documents from anywhere and from any device with an internet connection.
- Share links for public access of documents. The links can be protected by a password and an expiry date.

Inter-office documents

- Compartmentalise data by having multiple Spreedbox devices.
- Selectively share documents between departments/offices.
SecureMeet

- Meet and collaborate via video conference from desktops and mobile devices. Meetings can be convened at short notice; travel time for meetings is eliminated.
- Convene multiple concurrent meetings.
- Product presentations to prospective clients. Clients participate without having to install an application, as SecureMeet can operate over a web browser.

4.3.2 Features

The features of the Spreedbox device include:

- **Unified communications**: Video, voice, chat, instant messaging and P2P file sharing through a single secure platform.
- **Many-to-many video conferencing**: Secure video/audio and text chat with up to 6 people (recommended maximum) in a meeting, with the ability to host multiple concurrent meetings.
- **HD Video and audio**: HD video with video resolution of up to 1080p and HD wideband audio codec with 20kHz audio bandwidth and stereo.
- **Simple set-up**: Easy web-based setup.
- **Private Cloud**: No subscription, no running costs, no prying eyes.
- **Broad access**: The Spreedbox device can be accessed with any WebRTC browser, currently Chrome, Firefox, Iridium, Chromium and Opera, and proprietary Spreedbox apps for iOS and Android.
- **Secure**: The Spreedbox device incorporates a custom entropy source hardware random number generator.
- **Award-winning design**: The Spreedbox device features German precision technology and manufacturing, incorporating the highest quality components.
4.3.3 What is unique about the Spreedbox device?

The table below shows a comparison between the Spreedbox device and the three competitors identified previously.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Google+Hangouts</th>
<th>Skype</th>
<th>Bitrix24</th>
<th>Spreedbox</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Meeting with video chat</td>
<td>Up to 10 participants Hangouts on Air broadcasts to unlimited number of people</td>
<td>Up to 10 participants but at least one person must have Skype Premium</td>
<td>Up to 4 participants</td>
<td>Recommended 6 participants per virtual room</td>
</tr>
<tr>
<td>Install software</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>File sharing</td>
<td>Integrates with Google Drive</td>
<td>File sharing over calls or chat</td>
<td>Integrates with Bitrix24.Drive</td>
<td>File sharing over chat and with Nextcloud</td>
</tr>
<tr>
<td>Screen sharing</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Call/chat history</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No (for security)</td>
</tr>
</tbody>
</table>
### Comparison between the Spreedbox device and competitors

| Source code | Proprietary | Proprietary | Proprietary but will license source code | Open source |

The Spreedbox solution includes the device and its software (SecureMeet, SecureIM, SecureFileShare), strong encryption and its open source philosophy, yield substantial benefits over competing products because of the following key factors:

- **Secure Collaboration.** It is the only commercial product with a secure collaboration focus that has Google’s Hangout-like online meeting capabilities combined with Dropbox-like file sharing capabilities and WhatsApp instant messaging capabilities. In addition, under development in Spreedbox’s pipeline are a host of additional capabilities which are beyond the competitors’ application capabilities e.g. SIP bridge and MCU.

- **Self-hosted.** The Spreedbox device was designed to be self-hosted. Data can be stored on local devices for added security, a crucial requirement for organisations that store confidential information e.g. lawyer’s client records.

- **Browser-based.** The Spreedbox applications are supported on Android and iOS devices. However, because Spreedbox uses WebRTC which is an open standard that is increasingly popular, there is no requirement for a client application to be installed; the Spreedbox applications can be used through a browser. The minimal requirement is access to the Internet and a WebRTC enabled web-browser e.g. Iridium, Chrome, Opera and Firefox.

- **Low cost, highly secure.** The Spreedbox device is a highly secure and complete product without requiring additional hardware. The Spreedbox serves many functions including generating encryption keys and acting as a WebRTC server to mediate the call between all parties and negotiating the sessions.

With managed public cloud services, such as Dropbox, Google Drive and OneDrive, sensitive data is stored in unknown locations.

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4.4 Business Strategy

4.4.1 Revenue Streams

The Company’s revenue streams are derived from:

- one-off sales of the Spreedbox devices;
- one-off software application licenses (these licensing fees are incurred on purchase of a Spreedbox device);
- ongoing annual support and maintenance of software applications (optional);
- ongoing annual extended warranty hardware programs (optional); and
- custom solution development and integration for large installations.

4.4.2 Near Term Strategy

The priority for the Company is market development to drive penetration of the Spreedbox device geographically and across industry verticals identified. The aim is to penetrate target market segments, drive license sales and from that develop a strong ongoing revenue base.

Over time, the Spreedbox device footprint is a crucial asset that will position the Company’s ability to drive more software applications sales.

Whilst Spreedbox device sales are crucial, it is application license sales that provide the highest value to the Company in terms of margins. Ongoing support and maintenance revenues and extended hardware warranty offerings provides for a strong recurring revenue base.

4.4.3 Longer horizons

Over the medium term, the Company’s approach is to extend the market of its offerings beyond just the Spreedbox device and its existing applications. The Company will focus resources on the following research and development activities:

- adding more features to strengthen the security of the Spreedbox;
- developing application services such as webinar, telephony and directory services to offer to the general market;
- developing high value software applications such as secure email and integration with specialized vertical solutions; and
- building carrier-grade Spreedbox for large scale implementations.

The Company will seek diverse partnerships to expand its market scope particularly application vendors with specific vertical focus and vendors that will enable the Company to address the consumer market.

4.5 Marketing Strategy

4.5.1 Distribution

The Company has a multi-tier distribution channel strategy:

Regional Distributors and Market Specific Resellers

The Company will be using distributors and value-added resellers. The Company will be appointing a maximum of two distributors in each regional territory. About 20 distributors and resellers have already been appointed (directly and indirectly) in Australia, Asia, Europe, Africa and South America.

The Company will continue to have discussions with prospective resellers and distributors including in the USA, on-boarding them with training programs.

Partnerships and Strategic Alliances

The Company has established strategic alliances with struktur AG and Conceiva Pty Ltd. struktur AG is partly owned by a Proposed Director, Niels Mache and Conceiva Pty Ltd is partly owned by the CTO of Spreedbox.

Currently, the Company’s research and software development activities are undertaken through these partners for a market competitive monthly fee for services rendered. Through these partnerships, the Company gains access to research undertakings of struktur AG in partnership with various universities in Europe and entry into the lucrative markets in Japan. At some point in the future, the Company will seek to bring in-house the capabilities for ongoing research and software development.

The Company is continually evaluating strategic partnership opportunities with various companies, including:

- Complementary cloud storage/applications providers. Organisations that see the need for a strategy to enable their customer base to address the issue of security and privacy.
- Service providers such as telcos and ISPs. The Spreedbox device can provide increased security and privacy for telcos and ISPs’ clients. Telcos and ISPs can gain additional revenue streams beyond selling and supporting the Spreedbox by offering add on infrastructure services such as disaster recovery and business continuity.
- Open source application development companies. The Spreedbox device offers these companies the opportunity to strengthen their value proposition by deploying their applications on the Spreedbox and rely on its hyper-secure capabilities.
4.5.2 Approach

Spredbox has a blended marketing approach and funds from the Offer will be used to expand the outlined sales and marketing initiatives below:

<table>
<thead>
<tr>
<th>Market Prioritisation</th>
<th>The Company will be targeting organisations that value cyber security, referencing senior management, business owners and IT managers. The Company will be focused on regional territories (Europe and Asia-Pacific) where it has a physical presence (Australia and Germany).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion and Branding</td>
<td>The Company will be promoting “thought leadership” opportunities by presenting at seminars, conferences and writing articles. The Company will be writing and distributing through various social media channels (referencing articles and white papers) to share technical information and to educate potential customers about security breaches and secure communication.</td>
</tr>
<tr>
<td>Direct marketing (Australia)</td>
<td>The Company has a large database of businesses and contacts in Australia.</td>
</tr>
<tr>
<td>Tradeshows</td>
<td>The Company will be attending security, Linux and cloud computing tradeshows to build brand awareness in Australia, Asia and Europe.</td>
</tr>
</tbody>
</table>
| Online Communities | The Company seeks to embed itself in online communities that allow users to exchange knowledge and solve common problems in open source and communications security. Spredbox is currently active on the following communities:  
  - Github – an open source community for open source projects  
  - Facebook – to educate the general community of security threats  
  - Open Source Business Alliance – a non-profit network of companies that develop, build and use open source software. |
| Tools | The Company will provide tools and security checklists for prospective customers to review their own situation and infrastructure. |
| Case Studies | The Company will provide case studies plus help prospective customers write business cases to make the initial purchase as well as making the decision to purchase extended warranties and support. |
### 4.6 Strategic Priorities

Upon completion of the Offer, the Company will:

- build inventory of stock and expand manufacturing;
- more aggressively recruit and enable resellers and distributors;
- drive marketing, promotion and PR activities to develop more awareness and positioning;
- employ more resources to undertake the key tasks in expanding the market and subsequently supporting resellers and clients;
- develop a strong internal infrastructure (processes and systems) to support the Company’s global business; and
- drive higher throughput of software applications development and hardware upgrades.

The priority for the Company is market development to drive penetration of the Spreedbox device geographically and across industry verticals identified. The aim is to penetrate target market segments, drive license sales and from that develop a strong ongoing revenue base.

### 4.7 Manufacturing strategy

The Spreedbox device is manufactured and engineered using German precision technology and manufacturing, incorporating the highest quality components from around the world. The Spreedbox device is shipping, albeit in limited quantities, and has already won the international Good Design Selection award 2016 and Special Award for the German Design Award 2017.

Each of the Spreedbox devices are made from a single block of aluminium weighing 6kg that is then milled to 1.2kg using precision equipment by Zeiss Oberkochen in Germany. The Spreedbox device has an anodized finish to keep it from corrosion and a sapphire coating to give it a (mostly) scratch resistant surface. The aluminium block provides passive cooling.

A LED diffusor throws light on a black base to provide a glow that will be noticeable during the day and provide a soft moonlight glow in the evening. The colour of the LED light is status dependent.

Funding from the IPO will be to increase the Company’s inventory of the Spreedbox device to minimise any sales delivery risks.
4.8 Intellectual property protection strategy

The Spreedbox device utilises entirely open source software. Many applications in the market are created with open source software in order to build applications faster, add functionality without writing source code from scratch, and allow third parties to build or interact with their applications. Open source shortens time to market, reduces security risks as there is no proprietary code that can be exploited.

Spreedbox does not hold any patents and does not plan to hold patents in relation to the Spreedbox device. The Company will be largely reliant on know-how and trade-secrets which are not the subject of formal intellectual property registration. The speed of product innovation using the open source community, quality user experience and services will be the key differentiation. There will be certain applications that will require authentication and authorisation from a Spreedbox licensing system to operate.

In the Company's assessment, software is challenging and expensive to protect via formal patent strategies and though assertion of copyright may provide a degree of protection there are historical precedents to companies cloning other applications and providing minor differences to circumvent these protections. Therefore, Spreedbox notes that there are operational, security, cost and speed benefits to maintaining an open source software strategy.
5. Financial Information

The historical and pro forma historical financial information for the Company (collectively Financial Information) has been reviewed by Bentleys NSW Audit Pty Ltd for the financial year ended 30 June 2017. The Financial Information is set out in Appendix 1 to the Investigating Accountant's report contained in section 9.

The Financial Information should be read in conjunction with the business overview set out in section 4, key risks set out in section 6 and the other disclosure contained in this Prospectus. Investors should be aware that past results are not a guarantee of future performance.
6. Risk Factors

This section describes some of the potential risks associated with the Company and an investment in its Shares. It does not list every risk that may be associated with the Spreedbox device and the occurrence or consequences of some of the risks described here may be partially or completely outside the control of the Company, its Directors and senior management.

This assessment of risks is based on the knowledge of the Directors and senior management as at the Prospectus Date. There is no guarantee or assurance that the risks will not change or that other risks will not emerge.

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

Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to their investment objectives, financial circumstances and taxation position.

The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares. The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.1 Risks specific to an investment in the Company

Contractual Risk—Share Purchase Agreement

Pursuant to the SPA, the key terms of which are summarised in section 11.3, the Company has agreed to acquire 100% of the issued capital of Spreedbox subject to the fulfilment of certain conditions, including meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules. There is risk that the SPA conditions cannot be fulfilled and, in turn, the Acquisition is not completed.

If the Acquisition is not completed, the Offer and the listing of the Company will not proceed.

Market Risks

The sales potential for the Spreedbox device is still at a relatively commercially early stage. The ongoing and future demand for the Spreedbox device in existing and target markets is yet to be fully established and remains uncertain.

The Company has generated revenue. Sales have included deployments with a range of customers and the Company plans to utilise funds raised from the Offer to build on existing, and develop new relationships, although competition within these sectors is strong. Decision-makers such as CIOs with responsibilities for cloud and communications solutions may be conservative or restricted by internal policy constraints which influence the process for making and implementing purchase decisions. As a consequence, the lead time for sales may be slower than expected and unpredictable.

Regulatory Risk

The Company's existing and target customers are located in a number of countries. Laws and regulations which govern the use and deployment of communications and data transmitting devices vary depending on jurisdiction and, given the rapidly evolving nature of the industry, could reasonably be expected to vary over time.

The Spreedbox device allows for secure, encrypted communication. Police and intelligence agencies worldwide use electronic interception to perform their functions. Regulations designed to enhance interception ability may impact aspects of Spreedbox.

Government regulations may change in any or all of the target territories making the business model ineffective or pricing unfeasible. New or varied laws or regulations, may affect some of business model strategies.

The Company's operations will also be subject to a number of risks inherent in global operations including political and economic instability in foreign markets, inconsistent regulations by foreign governments and costs associated with compliance with these regulations.
Competitor and Pricing Risk

The Company is subject to risk from competitors, including the introduction of new and emerging technologies, improvements in existing product offerings and price reductions from existing comparative technologies. Large well-established and well-funded corporations may be able to adopt aggressive marketing strategies, and fast moving, early stage start-up companies may impact upon the Company's business. In doing so competitors may gain market acceptance, and/or place downward pressure on pricing in the industry, which may adversely affect the Company's business.

Currently, a number of global IT companies operate in the Australian cloud services market in order to deliver businesses' cloud service needs. Most of these do not provide private cloud services (in which Spreedbox specialises). However, other cloud service companies may partner with competitors of the Company and cause downward price pressure on private cloud services, thus reducing margins and revenue available to the Company.

Change in Strategy

The Company's strategy may evolve over time due to a review and assessment of, among other things, market trends, technical challenges, changes in regulations, the level of market acceptance in particular jurisdictions or markets and the emergence of new or improved technology. As a result, the current strategies, approaches, markets, products and plans of Spreedbox may not reflect the strategies, approaches, markets, products and plans in this document and may be changed without notice.

Supply and Manufacturing Risk

The Spreedbox device is a manufactured hardware item and sources various components for its products from third-party suppliers which are assembled under contract. The Company has the ability to extend its manufacturing to multiple contractors in parallel if required. Individual suppliers may not be able to meet demand for supply of materials or products which could adversely affect the Company's ability to meet customer delivery commitments.

There is a risk that the Company's contract manufacturing and assembly relationship may not function reliably, efficiently or cost effectively, resulting in less products being produced than planned, or products being produced which are of a lower quality or higher than expected cost.

Product Liability Risk

Even after market testing there is a risk that unforeseen adverse events or manufacturing or component defects may arise in the Spreedbox device. Any such events could expose the Spreedbox device to product liability claims or litigation which may result in the monetary damages being awarded, or brand damage to the Company generally.

Technology Risk

There is a risk that in certain conditions and environments the Spreedbox device or software technologies may be less reliable, or of reduced functionality, or may not work to the standard expected.

 Intellectual Property

The Company does not hold any patents. The software is open source and the Company is largely reliant on know-how and trade-secrets which are not the subject of formal intellectual property registration. There is a risk that measures in place to protect the Company's know-how and trade-secrets may not be adequate to protect against competitors from overcoming the Company's security and may adversely affect the Company's business.

Limited trading history

The Company has a limited trading history. The Company is in the early phase of its business cycle and as such carries the normal risks of a start-up business. Given the limited trading history of the Company, no assurance can be given that the Company will achieve commercial viability through the implementation of its business plan. Accordingly, the Company is not in a position to give any guidance around likely future revenue or profitability.

 Dependence on third parties and products

Part of the business model including the software for the cloud service and international distribution is reliant upon third parties and their performance. If the technologies and relationships the Company depends upon do not operate as expected, then the services that the Company provides may be adversely affected.

Customer service risk

The Company's business model is based on recurring revenue arising from the provision of service. Poor experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of the Company's products or services. If any of these occur, it may adversely impact the Company's revenue.

Cloud platform reliability and its operation risks

The Spreedbox device utilises NextCloud to deliver a highly resilient, high performance private cloud service. Significant or extended disruption of this platform caused by software or service failure may impact the Company's brand image and potentially loss of customers. The Company has a 'no single point of failure' policy with its various infrastructure platforms that are designed to tolerate a certain level of failure without impacting customer service levels.
Security breach

A malicious attack on Company systems and processes could put the integrity and privacy of customer’s data and business systems used to run the Spreedbox device at risk. However, the impact of loss or leakage of customer or business data is minimised through customer’s onsite private cloud and open source nature of the platform. The Company follows best practice in relation to security policies, procedures, automated and manual protections, encryption systems to minimise this risk.

New market entrants providing private cloud services

While the provision of private cloud services requires considerable skill and process, competition for private cloud services may come from global cloud services companies that currently do not provide these types of services to their customers entering the Australian market. This could reduce the addressable market available to the Company, or increase competition, resulting in a reduction of margins available to the Company.

Acceptance of WebRTC technologies

There is a substantial market for WebRTC solutions, but the rate of take-up is dependent on need, budgets and fulfilling customer requirements. The price and feature advantages of the Spreedbox device are not yet well understood across industries and therefore may not always be accepted.

Reliance on key and skilled personnel

The Company relies on its ability to retain senior management and experienced personnel. The loss of the services of senior management personnel without suitable replacements or the inability to attract and retain qualified personnel can adversely affect performance.

Expansion of international business may not achieve intended outcomes

The Company’s international growth plans may be inhibited by unforeseen issues particular to a territory and may be subject to various risks, including the need to invest significant resources and management attention to the international expansion and the possibility that the desired level of return on its international business will not be achieved.

Foreign exchange risks

The Company will operate in several jurisdictions and transactions will be denominated in local currencies. Currency fluctuations will affect the value of those transactions when converted to Australian dollars.
6.2 General risks relating to ownership of Company shares

Future profitability or dividends are not assured

No assurance as to future profitability or dividends can be given as these are dependent on future earnings and working capital requirements of the Company. Potential investors should note that there can be no guarantees with respect to the payment of dividends and return of capital.

Future funding

The existing working capital and the issue proceeds of the Offer may not be sufficient to fully fund the estimated costs of implementing all these plans. Additional debt or equity to fund such expansion plans may be required.

Economic

The financial performance and value of the Company may be influenced by various economic factors such as inflation, interest rates, domestic and international economic growth, taxation policies, legislative change, political stability, stock market conditions in Australia and elsewhere, changes in investor sentiment towards particular market sectors, exchange rate fluctuations and acts of terrorism.

Liquidity and realisation

There is no guarantee that an active market for the Shares will develop once the Shares are quoted on the ASX. There may also be relatively few potential buyers or sellers of the Shares on ASX or otherwise at any time which may increase the volatility of the market price of the Shares.

Following quotation, the substantial shareholders set out in section 8.20 will hold 59.62% of the Shares, assuming minimum subscription, which will also impact on liquidity. If each of the substantial shareholders is required by ASX to enter into escrow arrangements so that some or all of the Vendor Shares are restricted from the date on which they are issued to the date that is between 12 months and 24 months thereafter, this may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

Price of Shares

The price at which Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Issue Price. There is no assurance that the price of the Shares will increase following the quotation on ASX. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

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

Control risk

Four shareholders will control 59.62% of the Shares. That means that these shareholders effectively control the Company.

Taxation changes

Changes to the tax laws in Australia and the other jurisdictions in which the Company plans to operate and the rate of taxes imposed on the Company may affect Shareholder returns.
7. Key individuals, interests and benefits

On Completion of the Acquisition, it is proposed that the Board will consist of Neil Martin McDermott (Independent Chairman), Alan Fraser (Independent Non-Executive Director), Niels Mache (Non-Executive Director), Andrew Sivanandam (CEO) and Soon Heng Teh (COO).

The current Directors of the Company will resign upon the Company’s admission to the Official List and Craig James will assume the role of Company Secretary.

7.1 Current Directors

7.1.1 Craig James
CURRENT DIRECTOR AND CHAIRMAN, PROPOSED COMPANY SECRETARY

Craig James is a Chartered Accountant, Certified Practicing Accountant and Chartered Secretary and a Member of the Governance Institute. He is an executive with more than 30 years of management responsibility in both corporate finance and government infrastructure enterprises delivering business success via transformational change. This experience has included 12 years in senior finance, human resources and governance roles within the energy sector at Integral Energy, Energy Australia and Ausgrid. He brings an understanding of the financing and governance requirements delivery of large infrastructure projects within government ownership and Public Private Partnership environments. Craig is a Member of the Audit & Risk Committee at the Western Sydney University. Upon admission of the Company to ASX’s Official List, Craig will resign as a Director and will assume the role of Company Secretary.

7.1.2 Ian Sanderson
CURRENT DIRECTOR AND COMPANY SECRETARY

Ian Sanderson has a Bachelor of Laws from Sydney University. He practised as a solicitor for 4 years and a barrister for 20 years. Ian then moved to in-house roles with various companies. He has completed the Graduate Diploma in Company Secretarial Practice from Chartered Secretaries Australia (now Governance Australia). Ian has acted as Company Secretary for several listed and unlisted companies. Ian has a consultancy role with Tandem Advisors, Lead Manager to the Offer. Upon admission of the Company to ASX’s Official List, Ian will resign as a Director.

7.1.3 Richard Ochojski
CURRENT DIRECTOR

Richard Ochojski is an experienced senior finance executive with substantial local and international banking and finance industry experience across wide ranging business sectors, particularly service industries. Richard has an extensive corporate finance and lending background, specialising in cash flow lending. He has held various public company board positions at director and chairman level. He is currently a director of East 72 Holdings Limited, a specialist investment company listed on the NSX. Upon admission of the Company to ASX’s Official List, Richard will resign as a Director.
7.2 Proposed Chairman & Directors

7.2.1 Neil Martin McDermott

PROPOSED NON-EXECUTIVE DIRECTOR AND INDEPENDENT CHAIRMAN

Neil Martin McDermott is a Chartered Engineer and Chartered Accountant. Neil's tertiary qualifications include a Bachelor of Engineering (Electrical), Master of Engineering Science, Master of Commerce and a Graduate Diploma in Managing Innovation. A professional non-executive director with more than 30 years’ experience, Neil has specialised in corporate governance and has acted as corporate adviser to large public and private corporations, and Governments. He has specialised in business strategy, mergers and acquisitions, capital raisings, business restructuring, and reforms of Government business, including privatisation. His Governmental expertise includes advice to all Australian State and Territory Governments, as well as the Governments of China, Fiji, Indonesia, Japan, Mauritius, New Zealand, Papua New Guinea, the Republic of Korea and Taiwan.

Neil’s focus has been in infrastructure, energy, water, utilities, telecommunications, transportation, property and property trusts, banking and finance. He has acted as lead and strategic financial adviser to a wide range of Australian and international corporations in these sectors. Neil is a member of the Board Advisory Council to CP2, a Principal at PTM Corporate Advisory and an Honorary Fellow of the Applied Finance Centre Macquarie University. Neil’s previous experience includes:

- Executive Director, Etres Resources
- Non-executive Director, Commander Communications
- Honorary Principal Adviser Ernst & Young
- Advisory Board Chairman, Ergo Value Associates
- Chairman, Integral Energy Australia
- Partner/Director, Andersen/Andersen Corporate Finance.

7.2.2 Alan Robert Fraser

PROPOSED NON-EXECUTIVE INDEPENDENT DIRECTOR

Alan has an excess of 30 years' experience as a director on ASX listed entities, including his role as a director of NuEnergy Gas Ltd (NGY) for more than 25 years. NuEnergy is an ASX listed gas and ancillary power generation development company with an immediate focus on establishing unconventional gas production in Indonesia. In addition, he is currently a director of Jack In Group Limited (JIP) which operates an established piling and foundation services business in Malaysia and is looking to expand its operations into Australia.

He has been engaged in Australia and overseas in the project management of large scale undertakings associated with exploration and mining. Throughout his 30 plus years’ experience, Alan has been involved in all manner of...
corporate governance, capital raising and start up IPOs during which time he filled the positions of Chairman, Managing Director and acted in Non-Executive Director roles.

7.2.3 Niels Mache

PROPOSED NON-EXECUTIVE DIRECTOR

Niels Mache is a co-founder and Director of Spreedbox Pty Ltd. Niels is an Open Source luminary having been pivotal in co-founding Delix GmbH in 1994, one of the world’s first companies providing Linux operating system software and services. He was also a pre-IPO investor in Red Hat Inc., the largest Linux company globally, with in excess of USD2.5bn in revenues annually and market capitalisation of USD19b (2017).

In 1999 Delix was acquired by Red Hat Inc where Niels served as Director of Development of Red Hat GmbH. Niels graduated from University of Stuttgart with degrees in computer science, biology and business management. In high school Niels Mache received a Young Researchers Award from German youth science competition for his work in computer vision. Later at school, he was a research assistant at Max Planck Institute for Solid State Research (today MPI for Intelligent Systems) where his early work resulted in the finding of new high-temperature materials with ground-breaking properties.

In 1993, he joined the Human Genome Project at the Institute of Parallel and Distributed High-Performance Systems (IPVR). During his time as a PhD student he developed the GENIO Bio-informatics suite; Bioinformatics is an interdisciplinary field of science that combines computer science, statistics, mathematics, and engineering to analyse and interpret biological data. Much of Niels' work involved the analysis of the human DNA, gene recognition, protein folding calculations and simulation of RNA expression.

After working at the Human Genome Project, Niels served as R&D engineer at Sony Telecommunications Research and Development Europe. During his time at Sony, Niels filed several patents in the areas of instant messaging and data authentication. Today, he personally holds several patents in the areas of encryption technology, distributed communication systems and several other defensive patents. Niels has written over 50 international publications and received awards from the Young Scientist Award ("Jugend Forscht"), German Academy Software and from the US MasPar Computer Inc. for his excellence in Massive Parallel Computing.

In 2000, Niels co-founded struktur AG in Stuttgart, Germany. struktur AG is a leading web conferencing and financial planning software company, servicing customers like Deutsche Bank, Vodafone, BNP Paribas and many others. It was at struktur AG that Niels and his team of programmers developed the Spreedbox. Niels is also the co-founder of highly-respected Nextcloud GmbH – a software company developing the next generation secure cloud infrastructure for institutions and enterprises.

In an advisory capacity on the Board of Nextcloud GmbH and struktur AG, Niels is overseeing the ongoing research and development on behalf of Spreedbox Pty Ltd. Niels is the driver of the Company's product vision.

7.2.4 Andrew Sivanandam

CHIEF EXECUTIVE OFFICER AND PROPOSED EXECUTIVE DIRECTOR

Andrew Sivanandam is a co-founder and CEO of Spreedbox Pty Ltd. Andrew has developed a career spanning diverse industry sectors both in Australia and in South East Asia. He has undertaken various functional roles across strategy, investments, corporate finance, technology, commercialisation and project management, both in large MNCs and medium sized companies.

With a strong deal structuring orientation, his mainstay remains in the areas of technology and telecommunications. Andrew graduated from Monash University with a Bachelor of Information Systems (Computing) in 1992 and then in 1994 a Graduate Diploma in Accounting. He also holds an Executive MBA from the Australian Graduate School of Management. After graduation, Andrew joined the Corporate Finance division of AM Investment Bank Bhd (then AMMB). There, he developed equity market research databases and best practice frameworks for undertaking corporate exercises. During this time, he also undertook several corporate advisory projects for public listing, fund raising and restructuring.

In 1999 Andrew returned to Melbourne where he served at Link Market Services (then ASX Perpetual Registrars Ltd) and subsequently at Sensis Pty Ltd a subsidiary of the Telstra Group. He served in various capacities in both these organisations – mainly in the areas of commercialisation, strategy, IT and project management.

In 2004, he led a group of high net worth and institutional investors to acquire Calitime Solutions. As CEO, Andrew led the organisation through a turnaround and subsequently completed a trade-sale of the company to Interactive Intelligence Inc. At the time of the trade-sale, Calitime Solutions was the largest reseller for Interactive Intelligence. During his time as CEO at Calitime Solutions, he extended the business and established an operational hub in Kuala Lumpur and developed reseller partners across South East Asia.
7.2.5 Soon Heng Teh

CHIEF OPERATING OFFICER AND PROPOSED EXECUTIVE DIRECTOR

Soon Teh is a co-founder and COO for Spreedbox Pty Ltd. He has about 30 years’ experience in general management, business development (B2B and B2C), marketing and channel management in the technology industry. Soon Teh held several senior leadership roles and served on the boards of many companies in Asia, USA and Australia. He is knowledgeable in the areas of premise-based as well as Cloud /SaaS enterprise solutions, end-point security, mobile security and document management systems.

Soon Teh holds a Phd in Engineering and a BE from Monash University. He started his career in 1986 at CEANET and very rapidly rose through the ranks to be the Southern Region Director. He later joined ASX listed company, ISR Group Ltd as Marketing Manager. The company developed and marketed CAD software and expert systems shells.

Soon Teh became the CEO of the company in 1996 and renamed it IXL Ltd, eventually becoming Chairman of the company. He refocussed the company on the digital imaging space and the US and Japanese markets. He went on to nurture several companies including founding Photo Highway Japan, which was a joint venture with Casio, and US company Digital Now which he helped take public on the ASX and served on the board. He also served on the board of Synergy Plus, an Australian public company and tier 1 IBM partner providing infrastructure development, integration and support services to companies such as Coles-Myer, ANZ Bank, NAB, Qantas and Toyota.

Throughout his career, Soon Teh was involved in building strategic relationships with many companies including joint ventures with Casio in Japan, Hanil Telecom in Korea and Kulim Hi-Tech Park in Malaysia. He negotiated the licensing of technologies and enterprise software to numerous companies around the world including Hyundai Engineering, Shell, Celcom, Samsung Aerospace, LG, i-Tech, Philips and LiteOn.

From 2001, he undertook several consulting engagements in senior leadership roles for enterprises including Lumension Security (previously Patchlink), Pinnacle Systems, Worldscape, Mailfrontier, Westan Australia and 12D Solutions. During this time, Soon Teh also served with Celltrust Corporation, a US-based secured mobile communications company, as APAC Managing Director and as CEO in Westan Australia, an Australian distribution company.

7.3 Management team

As well as the Directors, Spreedbox is supported by the following management team:

7.3.1 Geoffrey Nicholas (Chief Financial Officer)

With a B.Bus (Accounting) from Swinburne University and CPA qualifications, Geoffrey is an experienced business leader with some 25 years in both the private and public company sector. He is passionate about leveraging technology to drive tangible business efficiency and profitable growth.

Geoffrey sits on a number of private boards providing insight and guidance on both financial prudence and emerging technologies, most notably in the Cloud Infrastructure and Software as a Service fields.

Currently a co-owner and Executive Director at Enspire Australia, co-owner and Director of Melbourne Data Centre, Geoffrey leverages his extensive financial and management experience to improve business performance. He was visionary in its adoption of cloud-based technologies as far back as 2005, guiding Enspire through the build and commercialisation of its first private-cloud platform right through to the current hybrid and public cloud solutions.

With a unique blend of financial acumen and keen grasp of technical application, Geoffrey brings both practical financial management and product commercialisation to Spreedbox Pty Ltd.

7.3.2 Paul Schumann (Chief Technology Officer)

Paul Schumann is a software engineer with about 30 years of experience in software development and business management across digital imaging and media applications. Paul graduated from Swinburne University with a Bachelor of Applied Science in 1986. Between 1986 and 1993, he worked up the ranks from software engineer through to technical management for various companies including Intelligent Systems Research, Competitive Advantage Technology and DMR Consulting. His roles were largely technical programming roles – language development, artificial intelligence, imaging and video processing. In 1993, Paul joined ISR Group Ltd (an ASX listed company) as CTO where he was the technology lead for the company and managed a large team of technical staff including software engineers, team leaders, web designers, graphic designers, technical writers, etc. Paul co-founded Conceiva Pty Ltd in 2001. Conceiva is a company focussed on developing and maintaining software products for many major companies across the globe.
7.4 Corporate governance

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below.

The Company has adopted the Principles of Corporate Governance and Recommendations (Third Edition) published by ASX Corporate Governance Council unless disclosed below.

As the Company’s activities develop in size, nature and scope following admission to the Official List, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

7.4.1 Board of Directors

The Board of Directors is responsible for the corporate governance of the Company and its subsidiaries. It monitors the business affairs of the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

The Company currently has no executive officers.

Following admission to the Official List, the Chief Executive Officer will be responsible for conducting the affairs of the Company under delegated authority from the Board and implementing the policies and strategies set by the Board. In carrying out his responsibilities, the Chief Executive Officer will report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company’s financial position and operating results.

7.4.2 Composition of the Board

The composition of the Board shall be determined in accordance with the following principles and guidelines:

a) the Board shall comprise at least three Directors, increasing where additional expertise is considered desirable in certain areas;

b) the Board shall not comprise a majority of executive Directors; and

c) Directors shall bring characteristics that allow a mix of qualifications, skills and experience.

While there is currently no formal review process in place, the performance of all Directors will be informally reviewed by the Chairman in order to ensure that the Board continues to discharge its responsibilities in an appropriate manner. Directors whose performance is unsatisfactory may be asked to retire. This review process may change following admission to the Official List.

The Board currently comprises three directors. The skills, experience and expertise relevant to the position of each Director who is in office at the date of this Prospectus is detailed in section 7.1.

Following admission to the Official List, the structure of non-executive Directors’ remuneration will be clearly distinguished from that of executive Directors and senior executives.

7.4.3 Performance evaluation and communication to Shareholders

The Board aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of all Directors. Information is communicated to the Shareholders through:

a) the Annual Report, which is distributed to all Shareholders and posted on the ASX website asx.com.au;

b) the half-yearly report, which is posted on the ASX website asx.com.au;

c) the Annual General Meeting and other meetings called to obtain approval for Board action as appropriate;

d) the Company’s compliance with ASX continuous disclosure requirements; and

e) all public announcements and associated documents, which are made available on the Company website at www.spreedbox.biz/investors.

7.4.4 The role of Shareholders

The Board aims to ensure that the Shareholders are informed of all major developments affecting the consolidated entity’s state of affairs:

a) Proposed major changes in the consolidated entity that may impact on share ownership rights are submitted to a vote of Shareholders.

b) Notices of all meetings of Shareholders are made available to Shareholders.

c) The Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity’s strategy and goals. Important issues are presented to the Shareholders as single resolutions.

d) The Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares and changes to the Constitution. Copies of the Constitution are available to any Shareholder who requests it.

e) The Company's auditor will be invited to attend the Annual General Meeting and will be made available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
7.4.5 Audit committee

The Board will not establish a separate audit committee but will itself hold and discharge the responsibilities of the audit committee. This may change following admission to the Official List.

7.4.6 Internal control framework

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost-effective internal control system will preclude all errors and irregularities. The Board believes that the current cost control framework to be suitable to the Company's current operations. The Company will not initially implement an internal audit function as the cost would significantly outweigh the benefits. This may change following admission to the Official List.

While the Board currently carries out the day to day operations of the Company, once the Chief Executive Officer is appointed upon completion of the Acquisition, he (together with the Chief Financial Officer) will be delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight.

7.4.8 Conflict of interest

In accordance with the Corporations Act and the Constitution, the Directors must keep the Board advised on an ongoing basis of any interest that could potentially conflict with those of the Company.

7.4.9 Independent professional advice

Each Director will have the right to seek independent professional advice at the Company's expense. However, prior approval of the Chairman will be required, which will not be unreasonably withheld.

7.4.10 Business risk management

The Board will monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements.

Specific areas that were initially identified and which will be regularly considered by the Board meetings include foreign currency fluctuations, performance of activities, human resources, the environment and continuous disclosure obligations.

7.4.11 Ethical standards

The Board's policy is for all Directors and management to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.

7.4.12 Other information

Further information relating to the Company's corporate governance practices and policies can be obtained from the Company upon request.

7.5 Interests of current and proposed Directors

Other than as set out below or elsewhere in this Prospectus, no Director or Proposed Director has, or has had within two years preceding lodgement of this Prospectus with ASIC:

- any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; and

- no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or Proposed Director, either to induce him or her to become, or to qualify them as a Director, or otherwise, for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

7.5.1 Shareholding qualifications

Directors are not required to hold any Shares under the Constitution.
7.5.2 Directors' interests

The table below shows the interest of each Director (and their associates) in the Shares of the Company as at the date of this Prospectus.

<table>
<thead>
<tr>
<th>Current Directors (and their associates)</th>
<th>Shares</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Charles Ochojski</td>
<td>500,000</td>
<td>54%</td>
</tr>
<tr>
<td>Craig Robert James</td>
<td>250,000</td>
<td>27%</td>
</tr>
<tr>
<td>Ian Robert Sanderson</td>
<td>175,000</td>
<td>19%</td>
</tr>
<tr>
<td>Total</td>
<td>925,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

The table below shows the interest of each proposed Director (and their associates) in the Shares of the Company immediately after admission to the Official List, assuming Maximum Subscription.

<table>
<thead>
<tr>
<th>Proposed Directors (and their associates)</th>
<th>Shares</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neil Martin McDermott</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Alan Robert Fraser</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Soon Heng Teh</td>
<td>18,281,951</td>
<td>17.49%</td>
</tr>
<tr>
<td>Niels Mache (and his associates)</td>
<td>25,716,098</td>
<td>24.64%</td>
</tr>
<tr>
<td>Andrew Mahesan Sivanandam</td>
<td>18,281,951</td>
<td>17.49%</td>
</tr>
<tr>
<td>Total</td>
<td>562,325,000</td>
<td>59.62%</td>
</tr>
</tbody>
</table>

1 On completion of the Acquisition, Niels Mache will directly hold 18,281,951 Shares and Nextcloud GmbH, an entity controlled by Niels Mache, will hold 7,479,147 Shares.

7.5.3 Directors’ remuneration

Current Directors

Since incorporation of the Company and up to the date of this Prospectus, the current Directors have received the following remuneration:

- Ian Sanderson - $5,000. Ian is also entitled to a success fee of $20,000 payable on the Company’s admission to the Official List;
- Richard Ochojski - $9,000. Richard is also entitled to a success fee of $20,000 payable on the Company’s admission to the Official List.
- Craig James - $9,000.

On the date of the Company’s admission to the Official List, the current Directors will be replaced by the proposed Directors.

Proposed Directors

- Neil Martin McDermott will receive $40,000 per annum (inclusive of superannuation) for the provision of his services as Independent Chairman.
- Andrew Sivanandam and Soon Teh will be employed as executives of the Company and will each receive total remuneration of $180,000 per annum (inclusive of superannuation).
- Alan Fraser and Niels Mache will each receive $30,000 per annum (inclusive of superannuation) for the provision of their services as Non-Executive 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 in a general meeting. The current aggregate remuneration for all Directors has not yet been set by the Company in general meeting.

The Board intends to continue to review and consider the ongoing remuneration of Directors in accordance with the Company’s corporate governance policies and market practices.

The Company has entered into standard deeds of access, indemnity and insurance with each current and proposed Director which confirms the Director’s right of access to Board papers, and requires the Company to indemnify the Director against all losses or liabilities incurred by the Director as an officer of the Company. The Company must maintain a directors’ and officers’ insurance policy, insuring the Directors and officers against liability as a Director until seven years after they cease to hold office as a Director.
7.6 Interests and fees of professionals

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, or any other person named in this Prospectus was performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any Company in which any of those persons is or was associated with has, or had within two years before lodgement of this Prospectus with ASIC:

a) any interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; and

b) not recorded any amounts or benefits or has not agreed to be paid benefits for services rendered by such persons in connection with the formation or promotion of the Company or the Offer.

7.6.1 Lead Manager

Tandem Advisors has acted as a corporate adviser to Spreedbox since August 2016 and has also been appointed by Spreedbox to act as the Lead Manager to the Offer. In connection with this engagement, Spreedbox has provided customary warranties, undertakings and indemnities in favour of the Lead Manager.

Appointment of Tandem Advisors

None of the directors of Spreedbox, nor any of the proposed Directors of the Company, provide any services to Tandem Advisors nor are the directors of Spreedbox, nor are any of the proposed Directors of the Company, a director, employee or shareholder of Tandem Advisors.

Prior to appointing Tandem Advisors, the directors of Spreedbox considered a number of potential corporate finance advisers and brokers for the role of Lead Manager. In respect of each potential Lead Manager, the directors of Spreedbox undertook a process of due diligence. In relation to Tandem Advisors, this process included a review of other transactions where Tandem Advisors had acted as corporate adviser with a focus on Tandem Advisors' experience and credentials as a corporate adviser to initial public offerings. The process also included consideration of the fees charged by Tandem Advisors for acting as Lead Manager compared to the fees charged by other corporate finance advisers acting in a similar role. In particular, the directors of Spreedbox considered the fees that would be payable to Tandem Advisors against those that would be payable to another corporate finance adviser had Spreedbox undertaken a “backdoor” listing through an existing ASX-listed entity. The directors of Spreedbox satisfied themselves that the fees charged by Tandem Advisors (including the split between cash and equity) are appropriate remuneration for the performance of Tandem Advisors' role as corporate adviser, Lead Manager and investors relations manager.

Relationship between Tandem Advisors and the Company

Although Tandem Advisors has been appointed by Spreedbox (rather than the Company), each of the current Directors of the Company have consented to Tandem Advisors' appointment as Lead Manager to the Offer.

Some of the Company's current Directors have an existing relationship with Tandem Advisors. However, none of the Company's current Directors has received or will receive any remuneration from Tandem Advisors in connection with the Offer.

- Mr Ian Sanderson, a current Director of the Company, has an ongoing consultancy role with Tandem Advisors and is paid by Tandem Advisors for ad hoc legal advice and company secretarial services that he provides to Tandem Advisors from time-to-time. Mr Sanderson is not a director, employee or shareholder of, and holds no other interest in, Tandem Advisors. Accordingly, the current Directors do not believe that Mr Sanderson has a conflict of interest regarding the appointment of Tandem Advisors.

- Mr Craig James, a current Director of the Company, does not provide any services to Tandem Advisors. Mr James does not currently provide any such advisory services to Tandem Advisors. Mr James is not a director, employee or shareholder of, and holds no other interest in, Tandem Advisors. Accordingly, the current Directors do not believe that Mr James has a conflict of interest regarding the appointment of Tandem Advisors.

- Mr Richard Ochojski, a current Director of the Company, has previously acted as an adviser to Tandem Advisors. Mr Ochojski does not currently provide any such advisory services to Tandem Advisors. Mr Ochojski is not a director, employee or shareholder of, and holds no other interest in, Tandem Advisors. Accordingly, the current Directors do not believe that Mr Ochojski has a conflict of interest regarding the appointment of Tandem Advisors.

Prior to providing their respective consent to the appointment of Tandem Advisors as Lead Manager, each of the current Directors of the Company also undertook a process of due diligence regarding Tandem Advisors' qualifications and experience. This process included consideration of other transactions to which Tandem Advisors had acted as lead manager, whereby the current Directors satisfied themselves that Tandem Advisors was appropriately credentialed. The current Directors also considered the fees that Spreedbox had agreed to pay Tandem Advisors (both the cash and equity component). After comparing those fees to fees paid by other issuers in similarly structured initial public offerings and given the breadth of Tandem Advisors' role (including its future role as investor relations manager), the current Directors concluded that the fees were satisfactory.
Services provided, and fees charged, by Tandem Advisors as at the date of this Prospectus

As at the date of this Prospectus, Tandem Advisors has acted as Lead Manager and has provided services including 12 months of pre-IPO transaction management services, corporate advisory services, project management in connection with the Offer, assistance with drafting documents relating to the Offer and participation in the due diligence process for the Offer.

As at the date of this Prospectus, Tandem Advisors has been paid $75,000 (plus GST) as a retainer fee. This retainer fee is fully rebateable against the fees paid on completion of the Offer.

Services to be provided, and fees to be charged, by Tandem Advisors after the date of this Prospectus

After the date of this Prospectus, Tandem Advisors will continue to act as Lead Manager and will provide services including corporate advisory services, assistance with the marketing of the Offer and sale of Shares, and investor relations management for at least 10 months after admission of the Company to ASX’s Official List.

After the date of this Prospectus, Tandem Advisors will be paid:

- a capital raising fee equal to 4% of the amount raised under the Public Offer and Oversubscription Offer. This fee will be a minimum of $168,000 (if no Shares are issued under the Oversubscription Offer) and a maximum of $198,000 (if 3.75 million Shares are issued under the Oversubscription Offer). Tandem Advisors may pay some or all of the capital raising fee as a fee or commission to brokers (including the Manager) it engages to assist with the Offer;

- an advisory fee (for the provision of 12 months of pre-IPO transaction management services, Lead Manager services in relation to the Offer and 10 months of investor relations management after admission of the Company to ASX’s Official List) of up to 3.5% of the market capitalisation of the Company (based on the Issue Price multiplied by the number of Shares on issue on the date the Company is admitted to ASX’s Official List) payable in cash. This fee will be a minimum of $704,485 (if no Shares are issued under the Oversubscription Offer) and a maximum of $731,735 (if 3.75 million Shares are issued under the Oversubscription Offer) less the $75,000 retainer fee; and

- a success fee of up to 2.26% of the market capitalisation of the Company (based on the Issue Price multiplied by the number of Shares on issue on the date the Company is admitted to ASX’s Official List) to be satisfied by the issue of Shares to the Lead Manager at the Issue Price (Adviser Offer). The number of Shares issued to Tandem Advisors under the Adviser Offer will be a minimum of 2,222,668 Shares (if no Shares are issued under the Oversubscription Offer) and a maximum of 2,358,679 Shares (if 3.75 million Shares are issued under the Oversubscription Offer). Tandem Advisors has appointed Corpac Partners Pty Ltd as Manager to the Offer to support Tandem Advisors with the Offer. All amounts payable to the Manager will be paid from the fees received by Tandem Advisors.

7.6.2 Sponsoring and Managing Broker

The Company has appointed CPS Capital Group Pty Ltd to act as Sponsoring and Managing Broker to the Offer and to support Tandem Advisors with the Offer. In connection with its role, the Company has agreed to pay the Sponsoring and Managing Broker a capital raising fee equal to 1% of the amount raised under the Public Offer and Oversubscription Offer. This fee will be a minimum of $42,000 (if no Shares are issued under the Oversubscription Offer) and a maximum of $49,500 (if 3.75 million Shares are issued under the Oversubscription Offer). In connection with this engagement, the Company has provided customary warranties, undertakings and indemnities in favour of the Sponsoring and Managing Broker.

7.6.3 Investigating Accountant

Bentleys NSW Audit Pty Ltd has acted as Investigating Accountant and provided the Investigating Accountant’s Report in section 9 of the Prospectus. The Company has paid, or has agreed to pay, $20,000 (excluding GST) for these services up to the date of lodgement of this Prospectus with ASIC. Subsequently, fees may be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Bentleys NSW Audit Pty Ltd has not provided any other services to the Company.

7.6.4 Independent Valuer

Valutech Pty Ltd has acted as Independent Valuer and provided the report on the assessment and valuation of intangible assets in section 10 of the Prospectus. The Company has paid, or has agreed to pay, $12,000 (excluding GST) for the preparation of this report. During the 24 months preceding lodgement of this Prospectus with ASIC, Valutech Pty Ltd has not provided any other services to the Company.

7.6.5 Australian legal advisers

Whittens McKeough & Sundaraj Pty Ltd has acted as Australian legal advisers to the Company in relation to this Prospectus. The Company estimates it has paid, or has agreed to pay, $80,000 (excluding GST and disbursements) for these services up to the date of lodgement of this Prospectus with ASIC. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Whittens McKeough & Sundaraj Pty Ltd has not provided any other services to the Company.
7.7 Related party transactions

At the date of this Prospectus, to the Directors’ knowledge, there are no material transactions with related parties nor do Director’s interests exist (nor are any contemplated), other than those disclosed in this Prospectus.

7.8 Expenses of the Offer

It is estimated that approximately $1,129,534 (based on the Minimum Subscription) and approximately $1,194,236 (based on the Maximum Subscription) in expenses will be incurred or payable by the Company in respect of legal, accounting, independent expert’s fees, commissions, printing, ASIC and ASX fees and other miscellaneous costs arising from this Prospectus and the Public Offer. The total costs are as set out in the table below:

<table>
<thead>
<tr>
<th>Service</th>
<th>Minimum Subscription ($)</th>
<th>Maximum Subscription ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Manager and Sponsoring and Managing Broker’s fees</td>
<td>704,534</td>
<td>731,736</td>
</tr>
<tr>
<td>Investigating Accountant’s fees</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Independent Valuer’s fees</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Auditor’s fees</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Legal fees</td>
<td>80,000</td>
<td>80,000</td>
</tr>
<tr>
<td>Brokerage/Commissions</td>
<td>210,000</td>
<td>247,500</td>
</tr>
<tr>
<td>ASIC fees</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>ASX fees</td>
<td>95,000</td>
<td>95,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,129,534</strong></td>
<td><strong>1,194,236</strong></td>
</tr>
</tbody>
</table>

7.9 Restricted security and escrow arrangements

It is expected that:

- 925,000 existing Shares issued to the current Directors will be classified as restricted securities for 24 months from the date of Official Quotation;
- certain new Shares to be issued to Spreedbox Vendors under the Vendor Offer will be classified as restricted securities for either 12 or 24 months; and
- up to 2,358,679 new Shares to be issued to the Lead Manager under the Adviser Offer will be classified as restricted securities for 24 months from the date of Official Quotation.

Prior to the commencement of Official Quotation, the Company will announce to ASX full details (quantity and duration) of any restricted securities.
8. Details of the Offer

8.1 The Offer

This Prospectus invites investors to apply for a total of 21,000,000 Shares at an issue price of $0.20 per Share to raise at least $4,200,000 before expenses of the Public Offer. The Company may accept oversubscriptions of up to a further 3,750,000 Shares at an issue price of $0.20 per Share to raise up to a further $750,000 under the Oversubscription Offer.

The maximum amount which may be raised under this Prospectus is $4,950,000.

Additionally, 76,500,000 Shares will be offered to Spreedbox Vendors under the Vendor Offer in consideration for the transfer of all of their respective equity interests in Spreedbox to the Company.

Finally, the Offer involves the issue of a minimum of 2,222,668 (Minimum Subscription) or 2,358,679 (Maximum Subscription) new Shares to the Lead Manager under the Adviser Offer. If the Company raises an amount in between Minimum Subscription and Maximum Subscription, the Lead Manager will be issued with a proportionate amount of these new Shares.

The Shares offered pursuant to the Offer under this Prospectus will rank equally in all respects with the Shares already on issue. Further details of the rights attaching to Shares are set out in section 11.2.

8.2 Application for listing

An application will be made to the ASX not later than seven days after the date of this Prospectus for the Company to be admitted to the Official List and for official quotation of the Shares on ASX. 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 that are the subject of the Public Offer. Official quotation of Shares, if granted, will commence as soon as practicable after the release of initial shareholding statements. If permission is not granted for the official quotation of the Shares on ASX within three months of the date of this Prospectus, all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

8.3 Purpose of the Offer

The purpose of the Offer is to provide additional funds to enable the Company:

- to pay for costs and expenses associated with the Offer;
- to scale up production of the Spreedbox device to meet customer demand;
- to conduct marketing and to manage distribution costs;
- to pay for ongoing research, development, management and administration costs; and
- for working capital.

The Company is aiming to apply the funds raised from the Offer in the manner detailed in section 8.4.

On completion of the Offer, the Board believes the Company will have sufficient funds to achieve these objectives.
8.4 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, as follows:¹

<table>
<thead>
<tr>
<th>Available funds</th>
<th>Minimum subscription</th>
<th>Maximum subscription</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing cash reserves of Spreedbox</td>
<td>$74,822²</td>
<td>$74,822²</td>
</tr>
<tr>
<td>Funds raised from the Offer</td>
<td>$4,200,000</td>
<td>$4,950,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,274,822</strong></td>
<td><strong>$5,024,822</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Use of funds</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash expenses associated with the Public Offer³</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advisers</td>
<td>$704,534</td>
<td>$731,736</td>
</tr>
<tr>
<td>Others</td>
<td>$425,000</td>
<td>$462,500</td>
</tr>
<tr>
<td>Inventory</td>
<td>$495,000</td>
<td>$495,000</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>$492,000</td>
<td>$492,000</td>
</tr>
<tr>
<td>Product Development</td>
<td>$1,350,000</td>
<td>$1,350,000</td>
</tr>
<tr>
<td>Working capital</td>
<td>$808,288</td>
<td>$1,493,586</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,274,822</strong></td>
<td><strong>$5,024,822</strong></td>
</tr>
</tbody>
</table>

¹ Refer to the Investigating Accountant’s Report set out in section 9 for further details.
² This is the cash balance of the Company as at the date of the Prospectus.
³ See section 7.8.

In the event the Company raises more than the Minimum Subscription of $4,200,000 but less than the Maximum Subscription of $4,950,000 the additional funds raised will be first applied towards expenses of the Offer followed by working capital.

In addition, to capitalise on other opportunities that may arise and depending on the success of its current activities, the Company may require debt or further equity fundraisings.

The directors are of the view that upon completion of the Listing, the Company will have enough working capital to carry out its stated business objectives.
8.5 Shareholding Structure

The following table sets out the expected shareholding structure on completion of the Offer.

<table>
<thead>
<tr>
<th>Minimum Subscription</th>
<th>Maximum Subscription*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Shares on issue at the date of this Prospectus</td>
<td>925,000</td>
</tr>
<tr>
<td>Number of Shares offered under the Public Offer and Oversubscription Offer</td>
<td>21,000,000</td>
</tr>
<tr>
<td>Number of Shares to be issued under Vendor Offer</td>
<td>76,500,000</td>
</tr>
<tr>
<td>Number of Shares to be issued under the Adviser Offer</td>
<td>2,222,668</td>
</tr>
<tr>
<td>Total number of Shares on issue following completion of the Offer</td>
<td>100,647,668</td>
</tr>
</tbody>
</table>

* Assumes all the 3,750,000 Shares offered under the Oversubscription Offer are taken up.

8.6 How to apply for Shares

You should carefully read this Prospectus and instructions accompanying the Application Form before subscribing for Shares. If you wish to participate in the Public Offer, you should complete the Application Form.

Applications for Shares under the Public Offer must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares and payment for the Shares must be made in full at the Issue Price of $0.20 per Share.

All applications must be completed in accordance with the detailed instructions on how they are to be completed and be accompanied by payment in Australian dollars made payable to ‘Speedbox Holdings Limited—Subscription Account’ (Subscription Account) and crossed ‘Not Negotiable’. No brokerage or stamp duty is payable by Applicants. The amount payable on application will not vary during the period of the Public Offer and no further amount is payable on or after allotment in respect of the Shares.

Completed Application Forms and payment must be received by the Closing Date at:

Postal delivery
Boardroom Limited
PO Box 3993
Sydney 2000

Hand delivery
Boardroom Limited
Level 12
225 George St
Sydney NSW 2000

The Company reserves the right to close the Public Offer early.

All application monies received with duly completed Application Forms will be paid into the Subscription Account.

An original, completed and lodged Application Form together with full payment of the application monies constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in each Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors’ decision as to whether to treat such an application as valid and how to construe, amend or complete the Application Form is final; however, an applicant will not be treated as having applied for more Shares than is indicated by the amount of the for the application monies.

8.7 Allotment and allocation of Shares

The Directors will determine the allottees of all the Shares in their discretion. The Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned to the Applicant within seven days of the allotment date.

Subject to the Minimum Subscription for the Public Offer being reached and the Company being satisfied that it will meet the requirements of Chapters 1 and 2 of the ASX Listing Rules, Shares issued pursuant to the Public Offer will be allotted as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.
It is the responsibility of the applicant to determine their allocations prior to trading in the Shares. Applicants who sell Shares before they receive their statement of shareholding will do so at their own risk.

8.8 Minimum subscription

The Minimum Subscription for the Public Offer is 21,000,000 Shares at an issue price of $0.20 per Share to raise at least $4,200,000 before expenses of the Public Offer. The Company will not issue any Shares unless the Minimum Subscription is raised.

If the Minimum Subscription is not raised within four months after the date of this Prospectus (or such later date permitted by ASIC), all Applications will be dealt with in accordance with section 724 of the Corporations Act.

Such action may include repayment of application monies (without interest) or the issue of a supplementary or replacement prospectus.

8.9 CHESS and issuer sponsorship

The Company participates in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Under CHESS the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holding in the Company. If an investor is broker sponsored, ASX will send a CHESS statement. Statements are sent by post and set out the number of Shares issued to the Shareholder under this Prospectus and advice of their Holder Identification Number or Securityholder Reference Number. Subsequently, where a holding changes in the course of a calendar month that Shareholder will be issued with a statement that sets out the changes in their holding. That statement is despatched in the week following the relevant month end.

8.10 Foreign offer restrictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place which, or to any person whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia, New Zealand or Germany. In Germany the Offer is open only to a person who is a ‘qualified investor’ within the meaning of the European Prospectus Directive (Directive 2003/71/EC) as amended and implemented in Germany. The distribution of this Prospectus outside Australia, New Zealand or Germany may be restricted by law and persons who come into possession of this Prospectus outside Australia, New Zealand or Germany should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or the Offer or otherwise permit a public offering of the Shares that are the subject of this Prospectus in any jurisdiction outside Australia or New Zealand.

Applicants who are resident in countries other than Australia, New Zealand or Germany should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to apply for and be allotted Shares. If you are outside Australia it is your responsibility to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

8.11 Underwriter

The Offer is not underwritten.

8.12 Dividends

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

8.14 Forward-looking statements

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

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management. Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements.
The Company has adopted an employee share option plan (ESOP). Under the terms of the ESOP, the Company may award options to employees, directors and contractors comprising up to 5% of the issued share capital of the Company from time to time. The terms of any such award will include terms and conditions applicable to that award including eligibility and/or performance conditions, vesting period, exercise period and termination and/or lapsing provisions.

The exercise price of any option issued under the ESOP will be an amount equal to the weighted average market price of a Share for the three-month period before the issue date of the option plus a 20% premium.

Under the ESOP, options will be issued in two tranches:

- tranche one: 25% of the options to which that participant is entitled will be issued on the granting of the award and this tranche of options will vest 12 months after the grant date (subject to satisfaction of any eligibility or performance conditions); and
- tranche two: 12 months after the grant date, 1/36th of the balance of the grant will vest on the last day of each calendar month starting on the 13th month and ending on the 48th month.

Standard terms for acceleration of vesting will apply for including a takeover, scheme of arrangement or change in control of the Company.

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.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 6.

8.15 Privacy statement

The Company collects, holds and will use information in relation to each Applicant as provided on an Application Form (Information) for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant’s security holding in the Company (Purposes).

By submitting an Application Form, each Applicant agrees that the Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to the Share Registry, the Company’s related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

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

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

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

8.16 Enquiries in relation to the Offer

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact:

- your stockbroker, accountant or independent financial adviser; or
- the Spreadbox Offer Information Line on 1300 737 760 (within Australia) and +61 2 9290 9600 (outside Australia) between 8.30am and 5.30pm (AEDT), Monday to Friday.
8.18 Capital structure

The capital structure of the Company following completion of the Offer and the Acquisition is summarised below.¹

<table>
<thead>
<tr>
<th>Shares to be issued</th>
<th>Minimum Subscription</th>
<th>Maximum Subscription</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares $</td>
<td>Proportion (%)</td>
</tr>
<tr>
<td>Shares to be issued to Spredbox Vendors</td>
<td>76,500,000</td>
<td>76.01%</td>
</tr>
<tr>
<td>Shares to be issued under the Public Offer and Oversubscription Offer</td>
<td>21,000,000</td>
<td>20.86%</td>
</tr>
<tr>
<td>Shares to be issued to the Lead Manager (under the Adviser Offer)</td>
<td>2,222,668</td>
<td>2.21%</td>
</tr>
<tr>
<td>Existing shareholders</td>
<td>925,000</td>
<td>0.92%</td>
</tr>
<tr>
<td><strong>Total Shares on completion of the Offer</strong></td>
<td>100,647,668</td>
<td>100%</td>
</tr>
</tbody>
</table>

¹ Refer to the Investigating Accountant’s Report set out in section 9 for further details.

² The rights attaching to the Shares are summarised in section 11.2.

8.19 Shareholding structure

As at the Prospectus Date, the shareholding structure of the Company is as follows.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shares</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Charles Ochojski</td>
<td>500,000</td>
<td>54%</td>
</tr>
<tr>
<td>Craig Robert James</td>
<td>250,000</td>
<td>27%</td>
</tr>
<tr>
<td>Ian Robert Sanderson</td>
<td>175,000</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>925,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

8.20 Substantial shareholders

As at the Listing Date (assuming the Maximum Subscription and completion of the Acquisition), those Shareholders holding 5% or more of the Shares on issue will be as follows.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shares</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soon Heng Teh</td>
<td>18,281,951</td>
<td>17.49%</td>
</tr>
<tr>
<td>Niels Mache (and associates¹)</td>
<td>25,761,098</td>
<td>24.64%</td>
</tr>
<tr>
<td>Andrew Mahesan Sivanandam</td>
<td>18,281,951</td>
<td>17.49%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>62,325,000</td>
<td>59.62%</td>
</tr>
</tbody>
</table>

¹ On completion of the Acquisition, Niels Mache will directly hold 18,281,951 Shares and Nextcloud GmbH, an entity controlled by Niels Mache, will hold 7,479,147 Shares.
9. Investigating accountants report

RJE/GB

26 September 2017

The Directors
Spreedbox Holdings Limited
Level 36
Governor Phillip Tower
1 Farrier Place
SYDNEY NSW 2000

Dear Sirs

Investigating Accountant’s Report – Spreedbox Holdings Limited (ACN: 616 092 454)

Introduction

This report has been prepared at the request of the Directors of Spreedbox Holdings Limited (“Spreedbox Holdings” or “the Company”), for inclusion in a prospectus to be lodged with the Australian Securities and Investment Commission (“ASIC”) on or around 26 September 2017 (“Prospectus”), relating to the proposed issue of a minimum of 21,000,000 ordinary shares at an issue price of 20 cents each to raise a total of at least $4,200,000.

The Company may also accept oversubscriptions of up to a further 3,750,000 ordinary shares at an issue price of 20 cents each to raise up to a further $750,000.

Basis Of Preparation

The report has been prepared to provide investors with information on historical results and the financial position of Spreedbox Holdings, and to provide investors with a pro forma Statement of Financial Position and pro forma Statement of Comprehensive Income of Spreedbox Holdings as at 30 June 2017 adjusted to include funds raised by the Prospectus and the completion of acquisitions and other transactions as referred to in Note 2 of Appendix 1.

This report does not address the rights attaching to the Shares to be issued in accordance with the Prospectus, the risks associated with the investment, nor form the basis of an Expert’s opinion with respect to a valuation of the Company or a valuation of the share issue price of 20 cents per share to the public.

Bentleys NSW Audit Pty Limited (‘Bentleys’) has not been requested to consider the prospectus for Spreedbox Holdings nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Bentleys accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 6 of the Prospectus.

RJE/GB
Background

Spreedbox Holdings was formed as an unlisted public company limited by shares on 24 November 2016. The Company is principally formed for the purposes of developing and delivering private cloud hardware and services to the business community.

Scope of Report

Bentleys has been requested to:

(a) report whether anything has come to our attention which would cause us to believe that the historical financial information disclosed in the appendices to this report is not fairly presented in accordance with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Spreedbox Holdings, and

(b) report whether anything has come to our attention which would cause us to believe that the pro forma financial information disclosed in the appendices to this report is not presented fairly in accordance with the basis of preparation and assumptions set out therein and with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Spreedbox Holdings.

Spreedbox Holdings has prepared, and is responsible for, the historical and pro forma financial information included in the appendices to this report.

Scope of Review

We have conducted our review of the historical financial information in accordance with Australian Auditing Standard ASAE 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document”. We made such enquiries and performed such procedures as we, in our professional judgement, considers reasonable in the circumstances, including:

(i) enquiry of directors, management and others;
(ii) analytical procedures on the historical information;
(iii) a review of work papers, accounting records and other documents;
(iv) comparison of consistency in application of the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Spreedbox Holdings; and
(v) Consideration of information gathered during the audit of Spreedbox Holdings and Spreedbox Pty Limited for the period ended 30 June 2017.
The review procedures were substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards.

Having regard to the nature of the review, which provides less assurance than an audit and to the nature of the historical and pro forma financial information, this report does not express an audit opinion on the historical and pro forma financial information included in the appendices to this report.

Opinions

(a) Historical Financial Information

Based on our review, 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 appendices of this report is not presented fairly in accordance with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Spreedbox Holdings.

(b) Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma financial information, as set out in the appendices of this report is not presented fairly in accordance with the basis of preparation in the appendices and assumptions set out therein and with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Spreedbox Holdings.

Subsequent Events

To the best of Bentleys’ knowledge and belief, there have been no material items, transactions or events subsequent to 30 June 2017 not otherwise disclosed in this report or its appendices that have come to our attention during the course of our review which would cause the information included in this report to be misleading or deceptive.
Independence

Bentleys does not have any interest in the outcome of the listing of the shares, other than in connection with the preparation of this report for which normal professional fees will be received. Bentleys were not involved in the preparation of any part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Bentleys consents to the inclusion of this report in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

BENTLEYS NSW AUDIT PTY LIMITED

ROBERT EVETT
Director
## Appendix 1 – Historical and Pro-Forma Financial Information

### Statement of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>Reviewed Actual For the Period</th>
<th>Reviewed Pro forma For the Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 June 2017</td>
<td>30 June 2017</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenue</td>
<td>23,000</td>
<td>113,391</td>
</tr>
<tr>
<td>Other Income</td>
<td>-</td>
<td>2,235</td>
</tr>
<tr>
<td>Expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>-</td>
<td>(72,166)</td>
</tr>
<tr>
<td>Advertising and marketing expenses</td>
<td>-</td>
<td>(56,661)</td>
</tr>
<tr>
<td>Operations and administration expenses</td>
<td>(28,000)</td>
<td>(218,913)</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>-</td>
<td>(67,770)</td>
</tr>
<tr>
<td>Loss before income tax benefit</td>
<td>(5,000)</td>
<td>(299,884)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss after income tax benefit</td>
<td>(5,000)</td>
<td>(299,884)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Income for the period</td>
<td>(5,000)</td>
<td>(299,884)</td>
</tr>
</tbody>
</table>

Financial Period of Spreedor Holdings Limited is from 24 November 2016 to 30 June 2017
## Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>Reviewed Actual 30 June 2017</th>
<th>Reviewed Pro forma 30 June 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>925</td>
<td>3,741,405</td>
</tr>
<tr>
<td>Receivables</td>
<td>-</td>
<td>34,290</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>74,848</td>
</tr>
<tr>
<td>Other Assets</td>
<td>-</td>
<td>30,871</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>925</td>
<td>3,881,414</td>
</tr>
<tr>
<td><strong>NON CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>-</td>
<td>2,097</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>4</td>
<td>1,851,407</td>
</tr>
<tr>
<td><strong>TOTAL NON CURRENT ASSETS</strong></td>
<td>-</td>
<td>1,853,504</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>925</td>
<td>5,734,918</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>5,000</td>
<td>103,577</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>5,000</td>
<td>103,577</td>
</tr>
<tr>
<td><strong>NON CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT LIABILITIES</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>5,000</td>
<td>103,577</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>(4,075)</td>
<td>5,631,341</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed Equity</td>
<td>5</td>
<td>925</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>6</td>
<td>(5,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(299,884)</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>(4,075)</td>
<td>5,631,341</td>
</tr>
</tbody>
</table>
Appendix 2 – Notes to and Forming Part of the Financial Statements

1. Summary of significant accounting policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with the measurement and recognition (but not the disclosure) requirements of Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

The financial statements have been prepared on an accruals basis, are based on historical cost and except where stated do not take into account changing money values or current valuations of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the Statement of Comprehensive Income and Statement of Financial Position requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Statement of Comprehensive Income and Statement of Financial Position are disclosed where appropriate.

The financial information has been prepared on the basis of a going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Statement of Comprehensive Income for the period ended 30 June 2017 and the Statement of Financial Position as at 30 June 2017 are in accordance with the Company’s reviewed financial position at that date. The pro forma Statement of Comprehensive Income for the period ended 30 June 2017 and the pro forma Statement of Financial Position as at 30 June 2017 represents the reviewed financial result and position and adjusted for the transactions discussed in Note 2 to this report. The Statement of Comprehensive Income and Statement of Financial Position should be read in conjunction with the notes set out in this report.

(b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.
(c) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Trade Creditors

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables in the statement of financial position are shown inclusive of GST.
2. Actual and Proposed Transactions to Arrive at the Pro-Forma Financial Information

The pro-forma financial information has been included for illustrative purposes to reflect the position of Spreedbox Holdings on the assumption that the following transactions had occurred as at 30 June 2017:

i. Issue of 21,000,000 shares in Spreedbox Holdings for $0.20 per share pursuant to the prospectus;

ii. Prospectus costs of $1,129,534 pursuant to the prospectus, $444,534 will be issued in shares (being 2,222,668 shares at $0.20 a share) and the remainder is paid in cash; and

iii. Investment in Spreedbox Pty Limited. Issue of 76,500,000 shares to the vendors of Spreedbox Pty Limited under the vendor offer in consideration for the transfer of all respective equity interests in Spreedbox Pty Limited to Spreedbox Holdings including the convertible notes with a face value of $915,000.
3. **Cash and cash equivalents**

<table>
<thead>
<tr>
<th>Note</th>
<th>Reviewed Actual 30 June 2017 $</th>
<th>Reviewed Pro forma 30 June 2017 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>925</td>
<td>925</td>
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<tr>
<td>2(i)</td>
<td>-</td>
<td>4,200,000</td>
</tr>
<tr>
<td>2(ii)</td>
<td>-</td>
<td>(610,000)</td>
</tr>
<tr>
<td>2(iii)</td>
<td>-</td>
<td>150,480</td>
</tr>
<tr>
<td></td>
<td>925</td>
<td>3,741,405</td>
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</tbody>
</table>

**Note 1:** The effect of the oversubscriptions has not been accounted for. In the event of oversubscriptions occurring the Company's total raising would fall between the minimum subscription of $4,200,000 and the maximum oversubscription up to $4,950,000, the proforma cash balance would be increased to the extent of the oversubscription (adjusted for any increase in prospectus issue costs arising from the oversubscription).

**Note 2:** $75,000 of Prospectus costs have been prepaid.

4. **Intangibles**

<table>
<thead>
<tr>
<th>Note</th>
<th>Reviewd 30 June 2017 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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5. **Contributed Equity**

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<tbody>
<tr>
<td></td>
<td>5,931,225</td>
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</table>
Spredbox Holdings Limited
Investigating Accountant's Report

<table>
<thead>
<tr>
<th>Notes</th>
<th>Reviewed Actual</th>
<th>Reviewed Pro forma</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 June 2017 No.</td>
<td>30 June 2017 No.</td>
</tr>
<tr>
<td>a. Ordinary shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 30 June 2017</td>
<td>925,000</td>
<td>925,000</td>
</tr>
<tr>
<td>Issue of 21,000,000 ordinary shares pursuant to Prospectus</td>
<td>2(i)</td>
<td>-</td>
</tr>
<tr>
<td>Issue of 2,222,668 ordinary shares to advisers</td>
<td>2(ii)</td>
<td>-</td>
</tr>
<tr>
<td>Issue of 76,500,000 ordinary shares to Spredbox Pty Limited (includes conversion of convertible note holders to ordinary shares in Spredbox Pty Limited)</td>
<td>2(iii)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>925,000</td>
<td>100,647,668</td>
</tr>
</tbody>
</table>

6. Accumulated losses

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening accumulated losses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current period loss</td>
<td>(5,000)</td>
<td>(299,884)</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>-</td>
<td>(299,884)</td>
</tr>
</tbody>
</table>

7. Related Parties

Refer to Section 7 of the prospectus for details of related party transactions and shareholdings.

8. Contingent Assets and Liabilities

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

9. Subsequent Events

At the date of this report there have been no material events subsequent to balance date that we are aware of, other than those disclosed in this Prospectus.
10. Assessment and valuation of intangible assets

The Chairman,
Spreedbox Holdings Limited
Level 8, 90 Collins Street
MELBOURNE VIC 3000

Dear Sir,

ASSESSMENT AND VALUATION OF
INTANGIBLE ASSETS OF SPREEDBOX PTY LIMITED

1. INTRODUCTION

Spreedbox Holdings Limited (‘SHL’) has entered into a Heads of Agreement with Spreedbox Pty Limited (‘Spreedbox’) to acquire 100% of all rights and title in all the issued capital of Spreedbox.

Spreedbox has developed a product platform that enables software applications that support organisations and individuals that value security, and organisations that have a statutory obligation to secure their data and communications over the Internet. It has already developed a hardware product called Spreedbox which is packaged with software that enables secure voice chat, video chat, screen sharing and file sharing over the Internet and enables a secure private cloud for secure information sharing. It has a number of new products for release which will complement the Spreedbox product and add new features to extend its capabilities and market appeal.

In order to gain an impartial assessment and valuation of the Spreedbox technology prior to the acquisition, the Board of Spreedbox Holdings Limited engaged Valutech Pty Ltd to prepare a valuation of Spreedbox’s intangible assets in the form of a report that could be incorporated in papers relating to the acquisition including an Initial Public Offering relating to the fund raising of the Company.

This report is provided by us in our capacity as a specialist in the assessment and valuation of intangible assets including intellectual property. The information and comments it contains are to be used as advice to the Board of Spreedbox Holdings Limited.
For the purposes of our assessment, fair market value is defined as being a price within a range of prices available in an open and unrestricted market which might be negotiated between informed, prudent parties acting at arm’s length and under no compulsion to act, expressed in terms of money or money’s worth. We have taken into account the current plans of Spreedbox for utilising and developing its assets and associated products as well as the financial history and current financial projections of Spreedbox.

2. **RESTRICTIONS**

This report will be included in an Initial Public Offering to raise funds to support the commercialisation of the technology and is not to be used by SHL for any other purpose or in another context without our prior written approval. In the event that we provide written approval to the issue of the report in another context, we will need to approve the form in which it is released and be satisfied as to the context of its release. We may also require the report to be issued under a suitable covering letter from our firm.

3. **BACKGROUND: SPREEDBOX PTY LIMITED, ITS TECHNOLOGY AND ITS MARKET**

Spreedbox Pty Ltd was set up in May 2016 to develop and market a product line of devices and software applications that can provide secure voice chat, video chat, screen sharing and file sharing over the Internet. The company’s main product in development at the time of its formation was based on technology developed by Niels Mache who was one of the founders of the Company and founder and major shareholder of the German company, Struktur AG a leading web conferencing and financial planning software company which provides services to Deutsche Bank, Vodafone, BNP Paribas and others.

Mr Mache was a mobile solution architect in the late 1990s in Sony Technology Research and Development Europe at which time he developed a range of technologies covering instant messaging, message authentication, message transmission methods and distribution, data authorisation methods, systems for transmitting messages and devices for mediating messages and protocols for instant messaging. He was subsequently Director of Development at Red Hat Inc. and led development of Red Hat’s Linux platform in Germany and has gained a number of awards for excellence in Germany and the US. He has been a Board Member of the Open Source Business Alliance since 2005 and is a founding and managing partner of Nextcloud GmbH, a next generation enterprise file synchronisation and share facility founded as a spin-off from Struktur AG.

The first product that the company has developed is called Spreedbox, a hardware device incorporating proprietary software. This product has been sold in prototype form and a number of units are being tested by security conscious companies around the world. The device supports video conferencing, messaging and file exchange with a special focus on security, high-performance, energy efficiency and durability. It supports owncloud® 9 file exchange, address book and calendar synchronisation for mobiles and desktops with an associated iOS application enabling secure audio/video chats. It is run with a Linux OS operating system providing high security with secure algorithms, a high performance quad-core central processing unit, gigabit network and state-of-the-art security hardware. The hardware product is inexpensive and easy to set up, providing opportunities for running a number of video conferencing sessions in parallel.

The device is packaged with additional applications such as:

- **Spreed.ME** which enables secure voice chat, video chat, screen sharing and file sharing over the Internet using WebRTC, a collection of communications protocols and application programming interfaces that can be incorporated in web browsers to enable real-time communication over peer-to-peer connections; and

- **Nextcloud** from Nextcloud GmbH which enables a private cloud that remains securely within the user’s firewall and under the control of the user. The Spreedbox device acts as a Nextcloud server.

The company is also planning to release a series of new features to the current Spreedbox product by extending its capabilities and appeal in the market. These include:

- **Session Initiation Protocol (SIP)** capability which will allow Spreedbox to integrate with SIP enabled networks. SIP connection is a marketing term for voice over Internet Protocol (VoIP) services offered by many Internet telephony service providers. The services provide routing of telephone calls from a client’s
private branch exchange (PBX) telephone system to the public switched telephone network (PSTN). This capability will allow Spreedbox to integrate with company phone networks so that company networks can be joined to external phone lines as well as mobile phones.

- Multipoint Control Unit (MCU) capability which will allow Spreedbox to bridge videoconferencing connections and provides the capability for three or more terminals and gateways to participate in a multipoint conference.

In early 2018, the company will release the second generation of Spreedbox which will incorporate a 64-bit quad-core version and will include a greater internal storage capability as well as a highly secure hardware-based virtual private network (VPN).

3.1 The Market

The Spreedbox device was originally designed for small and medium enterprises by using open source software to create products normally available to larger firms that can afford expensive security systems. However, market testing of the Spreedbox device has indicated that it is gaining interest of departments within larger enterprises and government which are concerned about security and privacy. Telecommunications companies have also expressed interest in the product because it will enable them to provide a value-added service for its enterprise clients.

The company has indicated that its major market focus will be on companies where privacy and security is becoming increasingly important such as accounting firms, research organisations, educational institutions, Government departments, security companies and agencies, medical practitioners, insurance companies, legal firms, financial institutions and pharmaceutical companies.

The Spreedbox product will be competing in the rapidly expanding markets for cloud security, messaging security and web conferencing security. A study by Frost & Sullivan1 on the global web conferencing market in early 2016 noted the following developments:

- The global web conferencing market, including Software as a Service (SaaS), managed services and on-premise systems grew 9.8% in 2015 to reach US$2.41 billion. It found that the overall market was being driven by simplification, lower-prices and migration from stand-alone audio to web and video conferencing (features offered by Spreedbox).
- Web conferencing software and services were forecast to grow at a compound annual growth rate (CAGR) of 8.4% over the next five years reaching an estimated US$3.6 billion by 2020.
- WebRTC and VoIP (two technologies used by Spreedbox) have become the cornerstone technologies in the market lowering barriers to adoption.

Thus in the web conferencing market, Spreedbox is well placed to take advantage of growth in that it can be used out of the box, is low cost, is simple to implement and uses cornerstone technologies in the industry to provide support for online meetings and video conferencing.

Another study by Markets and Markets2 indicates that the cloud storage market in 2016 was worth approximately US$23.76 million and is estimated to reach US$74.94 billion by 2021, at an annual growth rate of 25.8%. The study also found that cloud emergence and mandatory government regulations are simultaneously helping to boost the growth in the cloud storage market.

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2 Cloud Storage Market by Solution (Primary Storage, Disaster Recovery & Backup Storage, Cloud Storage Gateway & Data Archiving), Service, Deployment Model (Public, Private & Hybrid), Organisation Size, Vertical & Region - Global Forecast to 2021, Markets and markets, September 2016

Valutech Pty Ltd 27 August 2017
The Spreedbox solution will be competing in the rapidly expanding market for security systems, particularly in small to medium businesses looking to take advantage of open source software to create products normally developed in larger firms that can afford expensive security systems. It could also find favour in larger companies which are looking to handle potential security threats by creating granularity and distribution of key operating information. The Spreedbox solution will meet increasing demand in the industry for simplification, price reduction and integration of audio with web, video and file sharing services and can be effectively integrated into existing security structures. There are also indications that Spreedbox can be adopted by telecommunications carriers looking to provide value added security services for clients in the small to medium business space. Because of further work being undertaken by the technical area of the company, the Spreedbox solution is expected to evolve as the market evolves and this potential provides prospective clients with the potential to upgrade the product as the demand in the market changes.

However, the security market, particularly for the corporate sector, is fickle with solutions being adopted and rejected as the market changes. In addition, the security market for small to medium businesses is also fickle with many companies having difficulty in projecting where the market will go. The ability of Spreedbox to modify its solution with market change provides some insurance, but it may be difficult to gain a high profile in the SME market without considerable market promotion expense. As a result, in the short term, the company may need to focus on take up in the corporate market and use this profile to gain traction among the small to medium enterprise market.

At present, Spreedbox is a very small player in this market. However its market focus is relevant to many of the key issues facing the security market in coming years. The company has developed:

- A commercial-off-the-shelf (COTS) product
- That represents a new approach to network security without affecting information flow and
- Enables establishment of cloud services rapidly without the need for expert programmers for installation and maintenance.

The product does not require further technical development and is market ready so the ability of the product to penetrate the market will be heavily reliant on the sales and marketing skills of the company combined with its major resellers in target markets.

4. **ASSETS OF SPREEDBOX PTY LIMITED**

Discussions with Spreedbox and a review of information provided by the company indicates that the company has the following intangible assets which have relevant value:

- Design aspects of the Spreedbox hardware
- Software in the form of copyright material or material subject to copyright in the software products packaged in Spreedbox.
- Software algorithms, custom firmware and software environments

The software developed by Spreedbox for its software platform is held in a multiple repository system by Spreedbox in a modularised form with restricted access and subject to audit and regulatory procedures.

5. **COMMERCIALISATION APPROACH**

The Spreedbox product is already being sold and new features are being added which will broaden its relevance to key markets. In addition, the second generation of the Spreedbox product will be available in early 2018. The technology is already applicable in the market and there are no technical risks associated with the introduction of new product features and new products in the market.

Outwardly the Spreedbox device has been offered as a low cost solution for small to medium companies looking to institute high quality security systems without the usual overheads of qualified programming staff. However current market research is indicating that the market potential is wider than this and the
The major focus of the marketing effort should be directed at the security market for companies seeking highly secure communications and data transfer. Market sectors in this group would include:

- Financial consultancy companies and banks
- Research institutions
- Engineering and manufacturing design companies
- Government organisations and non-government organisations
- Legal departments in companies as well as legal firms
- Medical related companies covering consultancies, radiologists, hospitals where secure information is essential
- Transactional businesses.

The Spredbox solution will be a commercial off the shelf product that enables remote control, has a high security UNIX-based operating system, a security-token access control system, a data-diode advanced security gateway and a video chat application as well as access to Nextcloud Server secure storage. It will also have the capability to gain upgraded server capabilities, SIP capabilities and multi-point-conferencing capabilities.

The Company has indicated that it will be targeting predominantly the security sector with its solution, particularly Europe and the Asia Pacific with groups in these regions as well as the US testing the product. As well as general marketing through trade shows, it will be relying on a multi-tier distribution channel using distributors and resellers including telecommunications companies and internet service providers. A number of distributors and resellers have been appointed in Australia, Asia, Europe, Africa and South America and discussions are well advanced with prospective resellers and distributors in the US.

The solution is also competitively priced to appeal to all sectors of the small to medium business sectors as well as larger companies and corporates that are likely to acquire the product in volume. The low pricing of the product will also enable satisfactory margins to be offered to channel partners who will sell the product.

6. ADVANTAGES AND RISKS

Spredbox’s platform has many advantages that are currently being sought by companies and enterprises seeking to set up cloud platforms and networks that require security features and well as the ability to receive and send information without security barriers hampering interchange. These advantages include being a developed commercial off-the-shelf product that can be rapidly deployed without the need for skilled and expensive programmers.

There are no further technical developments which have to be made to make the current Spredbox platform effective in target markets, so there are no technical risks that could hamper commercialisation at this stage.

On the other hand, the security market is very competitive with large corporations offering ranges of products or prepared to acquire corporations that have a large footprint in the market and offer creative solutions. Spredbox can expect to face significant competition particularly in the North American market which could require significant marketing and sales resources to gain penetration. In this market, where there is a need to spend time and resources educating buyers of security products, it may be difficult to gain sufficient traction before other sweeping changes in the market cause paradigm shifts in the computer and communications network market that is currently facing major growth and utilisation issues.

Even though Spredbox has a complete product ready for commercialisation, and deployable at relatively low cost, it is likely that large corporate competitors will offer alternative solutions to the market which could impact on the current sales expectations. As a result, we consider that there are significant risks associated with the commercialisation of the Spredbox platform in all target markets until the company can
demonstrate a significant number of key customers are using its platform to gain a better profile in the market.

In addition, there is no observable intellectual property protection of the hardware and software incorporated in Spreedbox and this represents a risk to commercialisation which can only be quantified if and when there is a challenge on infringement of intellectual property.

7. VALUATION OF INTANGIBLE ASSETS INCLUDING INTELLECTUAL PROPERTY

The assets to be valued are the assets described in Section 4 of this report and the associated software and hardware in the Spreedbox software platform which is currently being offered in the European, Australian and Pacific markets.

For these assets to be valued, they must

- Be specifically identifiable and recognisable
- Be subject to legal existence and production
- Be subject to the right of private ownership, which is legally transferable
- Have tangible evidence of existence
- Be created at an identifiable time or as the result of an identifiable event
- Be subject to being destroyed or to a termination or existence
- Confer a commercial benefit to the owner of the asset.

Our review of the material referred to in Section 4 above indicates that the listed assets meet these requirements.

For the valuation of these assets, there are three general approaches that might be employed: the market approach, the cost approach and the income approach.

While some technology assets can be readily appraised by all three approaches, the indications of value resulting from each approach are often assigned different weights in arriving at a conclusion of value, based on the quantity and quality of data supporting each approach.

7.1 Market-Based Approaches

A reasonable approach to valuing intangible assets is to look for market comparisons, based on the widely held belief that the market (i.e. the economic environment where arm’s length transactions between unrelated parties occur) is typically the best indicator of the value of an asset. This involves a search of the appropriate exchange market to obtain information on sale transactions, listing and offers to purchase or licence comparable assets that are similar to the subject in terms of characteristics such as technology type, technology use, industry in which the technology functions, date of sale and so forth. Allowance must then be made for the differences in the technology and the nature of the environment for any previous sale of technology.

In the case of the valuation of intellectual property in the Spreedbox platform, there are some basic problems with the market approach to valuation in that the market for such technology is very diverse and there is little publicly available information on sales of similar technologies to that of Spreedbox, other than what is made available by parties wishing to promote the value of their assets.

An alternative approach to market valuation would be to consider the market value of Spreedbox based on recognised rules of thumb for the valuation of private companies. However, this company is on the threshold of entering new markets with new products and this approach may not be a reliable approach for the valuation of Spreedbox considering that previous business operations have been restricted to gathering information on market demand with a simple and incomplete product offering.
7.2 Cost-Based Approaches

With regard to cost-based valuation approaches, the most common types of cost-based valuations that are used for technology and other intangible asset valuation purposes are reproduction cost and replacement cost. Reproduction cost is the total cost, at current prices, to create an exact duplicate asset or technology using the same scientific research, design and development methods used to create the original technology.

The replacement cost is the total cost to create, at current prices, a technology having equal utility to the technology being valued. However, the replacement technology would be created with contemporary scientific research, design and development methods. Accordingly, the replacement technology may have greater utility in terms of commercial potential and technological accomplishment than the subject property.

Replacement cost of the technology as new technology typically establishes the maximum amount that a prudent investor would pay for a fungible, or replaceable, asset. However, in some cases, the technology may be so unique that it is not replaceable and in these circumstances, replacement cost as new may not establish the maximum amount that a buyer would pay for the subject asset.

To the extent that an asset is less than an ideal replacement for itself, the value of the subject technology may need to be adjusted for losses in economic value due to functional obsolescence, technological obsolescence and economic obsolescence.

In the case of Spreedbox’s platform, there is no reliable information as to what has been spent to develop the technology in the final product and which can form the basis for a valuation approach.

7.3 Income-Based Approaches

In situations where there is a clear link between the subject intangible asset and economic returns or income, a valuation based on an income approach is usually preferred. There are a number of measures of economic income that may be relevant to the various income approach methods, including:

- Gross or net revenues
- Gross income or gross profit
- Net operating income,
- Net income after tax
- Operating cash flow
- Net cash flow
- Margins attributable to intellectual property such as licensing income or its equivalent.

Several categories of income approach methods are listed below:

1. Methods that quantify incremental levels of economic income (i.e. the owner of the intellectual property or asset will benefit from a greater level of economic income by owning the technology than by not owning it).

2. Methods that quantify decremental levels of economic cost (i.e. the owner will benefit from lower levels of costs as a result of ownership)

3. Methods that estimate a relief from a hypothetical royalty or rental payment (i.e. the amount of a royalty that the owner would be willing to pay to a third party in order to obtain the use of and rights to the intellectual property) (Note: this approach ignores benefits that can be gained by internalising costs or applying the intellectual property to other products).

4. Methods that quantify the difference in value of an overall business enterprise as the result of owning the subject technology or intellectual property

5. Methods that estimate the value of the intellectual property as a residual from the value of an overall business enterprise or as a residual from the value of an overall estimation of the total intangible value of a business enterprise.
Income approach methods of valuation are commonly used with regard to technology assets and intellectual property valuation if the assets are already providing or about to provide commercial returns and are at the very core of the commercial operation. In the case of Spreedbox, the technology is already being commercialised and is already enabling the company to gain some financial revenue. Much of this revenue has resulted from the international and local market testing of prototype units and have tended to be low because of the business model initially adopted. With this observation, valuation of the intellectual property on the basis of past income is likely to provide only a low value and this does not take into account the recent refinement of the Spreedbox platform and the stronger marketing push in the Asia Pacific region.

In our review of the intangible assets of Spreedbox and their valuation, we concluded the following:

1. The major asset held by Spreedbox is the software and hardware designs in the Spreedbox platform. We consider that much of the value is in the hardware design and the software incorporated because development of the final product is essentially complete, has been used to develop a small market of customers in Europe and Australia and forms the basis of a new sales and marketing campaign which could generate significant revenues not only in the Asia Pacific market but also in North America and other markets where it is likely to be promoted by local distributors and resellers.

2. The intellectual property in the software and hardware design meets many of the key features being sought by users in the security market such as commercial-off-the-shelf product, rapid installation, avoidance of the need for skilled programmers for installation and maintenance, the provision of a novel solution to ensure security without hampering the transfer of information across the network.

3. As the technology is predominantly software and as the margins on the product are quite large, value attributable to the intangible assets forms a large percentage of revenues generated from sales of the platform.

In view of the above, we believe valuing the hardware and software designs associated with current product using an income approach would be the most suitable as commercialisation is currently in process.

8. VALUATION OF SPREEDBOX INTANGIBLE ASSETS

The following sets out our views on the valuation on the intangible assets of Spreedbox as listed in Section 4 of this report.

A review of available material indicates that there is no clear information on how much has been spent to develop the software and hardware designs to develop the Spreedbox technology and its associated features since Niels Mache first started working in this area. The Spreedbox product has gained a number of design awards in Australia and has been nominated for a German Design Award. However, it is being promoted and is gaining traction in the open source community which is cost sensitive so any estimation of costs of development could be a significant underestimate of costs compared to its alternative development in larger organisations.

The subject intangible assets are already being commercialised so a more appropriate valuation approach would be an income-based approach based on assessing the background of current sales and making some assessment of sales into the future, allowing for a royalty rate equivalent on future sales and discounting future projected income based on the technical and commercial risks over a set period for commercialisation.

In the past year, Spreedbox has sold and distributed for market assessment a number of units and it will be selling second generation product with a greater range of product features from early 2018. With these new products, it is expecting to generate substantial revenues from this period.

We have reviewed the sales pipelines of Spreedbox related to its market development in Europe and Asia and we consider them as a reasonable basis for use in an income based intellectual property valuation. We have also considered projections incorporating a rapid growth of sales in the first two years followed by some levelling off in sales as a conservative approach to sales projections.

In making our assessments, we have noted the following:
• The target markets are substantial and there is a strong demand by companies for platforms that are secure, easy to implement, cloud-based and unimpeded by firewalls and other security features which can slow the exchange of information over networks.

• The Spreedbox Platform is technically complete, is a commercial-off-the-shelf product, requires minimal capability for implementation and management and provides a range of additional features which can be implemented as market requirements change.

• The Spreedbox Platform and its entry into the market will be supported by a number of high profile companies in at least the Asia Pacific and European markets.

• There are few or no technical risks in developing the platform further to meet changing market needs.

• There are considerable commercial risks associated with roll out of the platform because of the number of high-profile companies already offering solutions in the computer and communications networking market. However, the solution offered by Spreedbox is specifically targeted at the small to medium business sector which requires low cost security solutions which can be readily implemented.

• Market assessments by the company in the Asia Pacific and European markets indicate that the company has been able to make presentations to a number of organisations in the government and educational market where simple secure solutions are sought. These have enabled the company to make market projections over the next three years and we have used these projections as the basis for our valuation calculation with the Asia Pacific and European markets progressing well if modestly in 2017/2018 and with larger growth in the subsequent two years.

We have valued the intangible assets associated with the hardware and software based on the expectations of the company over the next three years in the Asia Pacific and European markets, and to a lesser extent on expectations for the US. As a royalty rate equivalent on product sales we have used a margin of 35% given that the company is making a significantly larger margin on sales of its platform. We have considered projected sales over a five year period because of uncertainties about trends in the market and the possibility that new technology developments in the security market over the next five years could lead to major changes in selection of network platforms in the future. We have also used a discounted cash flow analysis over the five year period of projected sales of 15% to 25% after tax and the selection of this broad range which represents a moderate to high commercial risk (beta between 2 and 3.5) to take into account the fact that the product is technically complete, is already commercial and generating revenues, but is in the process of substantial repackaging to meet new marketing and sales requirements in highly competitive markets in the small to medium enterprise markets in the Asia/Pacific and Europe.

On the basis of these assumptions, we have valued the intangible assets of Spreedbox in the range of $11.8–20.7 million with our preferred value around $15.0 million.

9. DISCLOSURE OF BASES AND SOURCES

In forming our opinion of the value of the assets of Spreedbox, we have reviewed and relied upon the following discussions and documents:

• Discussions with Dr Soon Teh, Co-founder and Chief Operating Officer, Spreedbox
• Discussions with technical solutions architects and chief information officers of various companies.
• Publicly available material.

10. CONCLUSIONS

Two approaches to the valuation of the intangible assets of Spreedbox were considered: cost and income-related approaches.

The cost-based approach was not adopted because of the difficulties in assessing the costs incurred in developing the technology.

Valutech Pty Ltd 27 August 2017
The income-based approach was preferred because the intangible assets are already generating revenues. A valuation based on company commercialisation plans with some levelling off in sales in later years, allowing for a royalty rate equivalent of 35%, significantly less than the current margin being gained by the company, and considering a discount rate of between 15% and 25% post tax over a five year period of projected sales in line with the developed nature of the software platform and the considerable commercial competition in the target markets, provides a valuation range for the intangible assets of $11.8–20.7 million with our preferred value around $15.0 million.

11. QUALIFICATIONS AND DECLARATIONS

Valutech Pty Ltd is a company specialising in market research on high technology products and the valuation and assessment of identifiable intangible assets from a wide range of industries. It was established in 1992 by Dr Maurice Venning who has a background of over 25 years in technology assessment and advisory roles with the Federal Government, large companies, consulting companies and universities. Dr Venning has been undertaking intangible asset valuations on behalf of Valutech and other companies for over twenty years.

Valutech has undertaken a number of valuations in the past related to intellectual property, copyright and other identifiable intangible assets of companies operating in the computer software, hardware and computer and communications networks industries.

Valutech has not undertaken work for Spreedbox in the past and has no interest in Spreedbox or related companies.

12. DISCLAIMER

This assessment represents solely the expression by Valutech of its opinion as to a fair market valuation for assets of Spreedbox in August 2017. This assessment is based upon information submitted to us as well as external sources and we do not imply nor should it be construed that we have carried out any form of audit or verification of the information and records supplied to us.

We have no reason to believe that any material facts have been withheld or misstated and have no reason to doubt the reasonableness of judgements made. However, Valutech cannot underwrite or guarantee the achievability of the financial forecasts.

Yours sincerely,

Maurice Venning
Director
11. Additional information

11.1 Company information

The Company was incorporated on 24 November 2016.

11.2 Constitution and rights and liabilities attaching to Shares

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

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

11.2.1 Ranking of Shares

At the date of this Prospectus, all Shares are of the same class (ordinary shares) and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing fully paid ordinary Shares in the Company. The rights attaching to Shares are set out in the Company's constitution and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law.

11.2.2 Voting rights

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

(a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(c) on a poll, every person present who is a Shareholder or a proxy, attorney, or representative of a Shareholder shall, in respect of each Share held by that person or in respect of which the person is appointed proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid bears up to the total issue price for the Share.

11.2.3 Dividend rights

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

11.2.4 Variation of rights

The Company may, with the sanction of a special resolution passed at a meeting of Shareholders and otherwise in accordance with the Constitution and Corporations Act, vary or abrogate the rights attaching to Shares.

11.2.5 Transfer of shares

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

11.2.6 General meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and any other laws.

11.2.7 Rights on winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company:

(a) divide among the Shareholders the whole or any part of the Company's property; and

(b) decide how the division is to be carried out between the Shareholders.

Subject to any special rights (at present there are none), any surplus assets (following full satisfaction of all creditors' debts) on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

11.2.8 Future increase in capital

The allotment and issue of any new Shares is under the control of the Board. Subject to restrictions on the issue or grant of new Shares contained in the ASX Listing Rules, the
11.3 Material Contracts

Set out below is a summary of the material contracts to which the Company and Spreedbox is a party.

11.3.1 Share Purchase Agreement

On 14 March 2017, the Company entered into a Share Purchase Agreement (SPA) with the Spreedbox Vendors. The SPA governs the sale to the Company of all of the issued securities in Spreedbox Pty Ltd, being 340,910 shares and convertible notes with a face value of $915,000 (Spreedbox Securities). In consideration for the transfer of the Spreedbox Securities to the Company, the Company must pay the Spreedbox Vendors the amount of $15,300,000 to be satisfied by the issue of 76,500,000 Shares at an issue price of $0.20 per Share (Vendor Shares) to the Spreedbox Vendors on completion of the SPA.

Completion of the SPA is conditional upon certain conditions precedent being satisfied, including but not limited to:

(a) the Company obtaining all necessary Shareholder approvals and satisfying all requirements, under the Corporations Act and the ASX Listing Rules, for the transactions contemplated by the SPA and the Prospectus; and

(b) the Company successfully implementing a capital raising of a minimum of $3,000,000 (before costs) through the issue of 21,000,000 Shares at $0.20 per Share.

Other relevant conditions of the SPA are:

(a) The Company is not obliged to complete the purchase of any of the Spreedbox Securities unless the sale and purchase of all the Spreedbox Securities are completed simultaneously;

(b) Until Completion, the Spreedbox Vendors must cause the Spreedbox Business to be carried on in the usual and ordinary manner;

(c) The Spreedbox Vendors and the Company must procure that no material adverse change occurs in relation to Spreedbox and the Company, respectively, between the date of the Agreement and Completion without the express prior written approval of the other party;

(d) The Spreedbox Vendors and the Company have given the standard representations and warranties ordinarily expected in a transaction of this size and type regarding legal status, corporate authorisation, solvency, issued capital, legal compliance, officers, taxation, liabilities, assets, intellectual property rights, material contracts, litigation and related party transactions.

11.3.2 Reseller Agreements

Spreedbox has non-exclusive reseller agreements with various companies throughout the world. Those companies, and the territories they cover, are set out in the following table:

<table>
<thead>
<tr>
<th>Company</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discovery Limited</td>
<td>Greater China</td>
</tr>
<tr>
<td>Borderless Hub</td>
<td>South East Asia, Africa and South America</td>
</tr>
<tr>
<td>struktur AG</td>
<td>Europe</td>
</tr>
<tr>
<td>Advance Vision Technology Pty Ltd</td>
<td>Australia and Vietnam</td>
</tr>
<tr>
<td>Westan Pty Ltd</td>
<td>Australia</td>
</tr>
<tr>
<td>IXLA Japan KK</td>
<td>Japan</td>
</tr>
</tbody>
</table>

Those agreements provide for the acquisition of product from Spreedbox and resale into their respective territories. Those agreements can be terminated by either party giving the other 60 days written notice of termination.

11.3.3 Manufacturer Agreement

Spreedbox has entered into a non-exclusive agreement for the manufacture of the Spreedbox device. That agreement specifies:

- An initial term of one year with automatic renewal for additional terms of one year unless terminated;
- That Spreedbox owns all intellectual property used in the manufacture;
- That specified manufacturers, including Zeiss, are used for the supply of components to be assembled by struktur AG.

11.3.4 Service Agreements

A. struktur AG

Spreedbox has entered in a service agreement with struktur AG to provide ongoing technical, engineering and developmental support for the Spreedbox device.

Prior to listing, Spreedbox is required to pay struktur AG a monthly fee of €15,000 in consideration for the following services being provided:

- level 3 technical support for the Spreedbox device;
- technical support and development services specifically for implementation in the Spreedbox device; and
- engineering services – software.
Following listing, the parties have agreed that Spreedbox will pay struktur AG a monthly fee of €50,000 in exchange for them offering the following services:

- 36 hours/month of research and development services;
- engineering services – software (480 hours/month with 4 engineers; 24 hours/month with 2 engineers);
- engineering services – hardware (36 hours/month);
- level 3 technical support for the Spreedbox device (80 hours/month); and
- technical support and development services specifically for implementation in the Spreedbox device (60 hours/month).

Either party may terminate the agreement with immediate effect with written notice to the other party, if the other party has committed a material breach of the terms of the agreement which is incapable of being remedied.

**B. Conceiva Pty Ltd**

Spreedbox has also entered into an agreement with Conceiva to provide software engineering and support services in relation to the Spreedbox device.

Under the agreement, Spreedbox will pay Conceiva AU$10,000 per month for up to 160 man-hours per month, in exchange for the following services being provided by Conceiva:

- website development and maintenance services;
- technical support to Spreedbox customers;
- liaison with Company suppliers;
- development of an auxiliary software to support the marketing of Spreedbox's products; and
- providing advice on all technical software matters relating to the marketing and support of Spreedbox products.

**11.4 Consents**

Each of the parties referred to in this section:

a) has not authorised or caused the issue of this Prospectus;

b) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this section; and

c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Tandem Advisors has given its written consent to being named as Lead Manager to the Offer in this Prospectus. Tandem Advisors has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

CPS Capital Group Pty Ltd has given its written consent to being named as Sponsoring and Managing Broker to the Offer in this Prospectus. CPS Capital Group Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Corpac Partners Pty Ltd has given its written consent to being named as Manager to the Offer in this Prospectus. Corpac Partners Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Bentleys NSW Audit Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant’s Report in section 9 of this Prospectus in the form and context in which the information and report is included. Bentleys NSW Audit Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Valutech Pty Ltd has given its written consent to being named as Independent Valuer in this Prospectus and to the inclusion of the report assessing and valuing Spreedbox’s intangible assets in section 10 of this Prospectus in the form and context in which the information and report is included. Valutech Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Whittens McKeough & Sundaraj Pty Ltd has given its written consent to being named as Australian legal adviser to the Offer in this Prospectus. Whittens McKeough & Sundaraj Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Boardroom Pty Limited has given its written consent to being named as the share registry to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.
11.5 Disputes and Litigation

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

11.6 Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual circumstances of each investor. All potential investors in the Company are urged to obtain independent professional financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. It is the sole responsibility of potential Applicants to inform themselves of their taxation position resulting from participation in the Offer.

The Directors do not consider that it is appropriate to give potential Applicants advice regarding taxation matters and consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of all the possible taxation positions of potential Applicants.

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

11.7 Electronic Prospectus

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and it will send to you free of charge either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company www.spreedbox.biz/prospectus.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered. In such a case, the application monies received will be dealt with in accordance with section 722 of the Corporations Act.

11.8 Documents available for inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- this Prospectus;
- the Constitution; and
- the consents referred to in section 11.4 of this Prospectus.
12. Statement of Directors

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

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that, in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and, on that basis, have reasonable grounds to believe that persons making the statement or statements were competent to make such statements. Those persons have given their consent to the statements being included in this Prospectus, in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC or, to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Signed for and on behalf of the Company,

Craig James
Chairman

For and on behalf of Spreedbox Holdings Limited
13. Glossary

A$ or $ means an Australian dollar.

Acquisition means the proposed purchase by the Company of all the issued equity interests of Spreedbox to be completed on listing of the Company.

Adviser Offer means the offer and issue of Shares to the Lead Manager to satisfy payment of a success fee of 3.5% of the market capitalisation of the Company (based on the Issue Price multiplied by the number of Shares on issue on the date the Company is admitted to ASX’s Official List). Under the Adviser Offer, up a minimum of 2,222,668 Shares (if no Shares are issued under the Oversubscription Offer) and a maximum of 2,358,679 Shares (if 3.75 million Shares are issued under the Oversubscription Offer) will be issued to the Lead Manager at a deemed issue price of $0.20 per Share.

AEDT means Australian Eastern Daylight time.

Application means the application by investors to subscribe for Shares under the Public Offer and Oversubscription Offer, via the submission of an Application Form as described in section 8.6.

Application Form means the application form accompanying this Prospectus (and includes a copy of the application form printed from the website at which the Electronic Prospectus is located) relating to the Public Offer and Oversubscription Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or the financial market operated by it known as the Australian Securities Exchange (as the context requires).

ASX Listing Rules or Listing Rules means the official listing rules of ASX.

bil means billion dollars.

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

Business Day means a week day when trading banks are ordinarily open for business in Sydney, New South Wales.

Capital Raising means the proposed raising of at least $4,200,000 under this Prospectus.

CGT means capital gains tax.

CHESS means Clearing House Electronic Sub-Register System, which is operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the “key offer information” section (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company means Spreedbox Holdings Limited ACN 616 092 454.

Completion means completion of the Acquisition of all the issued capital in Spreedbox in accordance with the Share Purchase Agreement.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company at the date of this Prospectus.

Electronic Prospectus means the electronic copy of this Prospectus located at the Company's website www.spreedbox.biz.

ESOP means the employee share option plan adopted by the Company on the terms described by section 8.17.
Expiry Date means 5.00pm Sydney Time on that date which is 13 months after the date this Prospectus was lodged with ASIC.

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

Financial Information means the Company’s pro forma and historical financial information described in section 5.

GAAP means Generally Accepted Accounting Principles, a common set of accounting principles, standards and procedures.

Investigating Accountants Report means the report prepared by Bentleys NSW Audit Pty Ltd, included as section 9.

IP means intellectual property.

Issue Price means $0.20.

Lead Manager means Tandem Advisors Pty Ltd ACN 127 239 034, the lead manager to the Offer.

Listing Date means the date on which the Company is admitted to the Official List.

Listing Rules means the official listing rules of ASX.

Manager means Corpac Partners Pty Ltd, the manager to the Offer.

Material Contracts means the material contracts to which the Company or Spreedbox is a party that may be material in terms of the Offer for the operation of the business of the Company or otherwise may be relevant to a potential investor in the Company, and which are summarised in section 11.3.

Maximum Subscription means the maximum subscription under the Public Offer and Oversubscription Offer being 24,750,000 Shares to raise $4,950,000.

Minimum Subscription means the minimum subscription under the Public Offer being 21,000,000 Shares to raise $4,200,000.

Offer means the Public Offer, the Oversubscription Offer, Vendor Offer and Adviser Offer.

Official List means the Official List of ASX.

Official Quotation means quotation of the Shares on the Official List in accordance with the ASX Listing Rules.

Opening Date means the opening date of the Offers as set out in the indicative timetable in the “key offer information” section.

Option means an option to subscribe for a Share.

Oversubscription Offer means the Company’s invitation to accept (at its discretion) subscriptions for a further 3,750,000 Shares at an issue price of $0.20 per Share to raise up to a further $750,000.

PQCRIPTO means cutting-edge post-quantum encryption, one of the highly-secure, state-of-the-art encryption methods capable of the Spreedbox device.

Proposed Director means an individual the Company proposes to act as a Director on Completion of the Offer.

Prospectus means this prospectus.

Prospectus Date means 26 September 2017.

Public Offer means the public offer of 21,000,000 Shares together with the capacity to accept oversubscriptions of a further 3,750,000 Shares under this Prospectus.

R&D means research and development.

Share means a fully paid ordinary share in the capital of the Company.
Share Purchase Agreement or SPA means the share purchase agreement between the Company and Spreedbox Vendors, dated 14 March 2017, to acquire all of the issued share capital of Spreedbox, being 340,910 Shares and convertible notes with a face value of $915,000.

Share Registry means Boardroom Pty Limited ABN 14 003 209 836.

Shareholder means a holder of Shares.

Spreedbox means Spreedbox Pty Limited ACN 612 336 142.

Spreedbox Securities means the securities of Spreedbox which will be acquired by the Company.

Spreedbox Vendors means the current shareholders and convertible noteholders of Spreedbox Pty Ltd ACN 612 336 142.

Sponsoring and Managing Broker means CPS Capital Group Limited ACN 088 055 636.

Tandem Advisors means the Lead Manager.

US$ means a United States dollar.

Vendor Offer means the offer of 76,500,000 Shares to the Spreedbox Vendors as consideration for the sale and transfer of all of their respective equity interests in Spreedbox to the Company, being 340,910 shares and convertible notes with a face value of $915,000.

Vendor Shares means the 76,500,00 Shares to be issued at $0.20 per Share to the Vendors on Completion of the Vendor Offer.
14. Corporate Directory

**Current Directors**

- Craig James – current Director and Chairman, proposed Company Secretary
- Ian Sanderson – current Director and Company Secretary
- Richard Ochojski – current Director

**Proposed Directors**

- Neil Martin McDermott – proposed Non-Executive Director and Independent Chairman
- Alan Robert Fraser – proposed Non-Executive Independent Director
- Niels Mache – proposed Non-Executive Director
- Andrew Sivanandam – Chief Executive Officer and proposed Executive Director
- Soon H Teh – Chief Operating Officer and proposed Executive Director

**Australian Company Number**

616 092 454

**Registered and Principal Office**

Level 7
333 Collins Street
Melbourne VIC 3000

**Website**

www.spreadbox.me and www.spreadbox.biz

**Proposed ASX code**

SBX

**Lead Manager**

Tandem Advisors Pty Ltd

Governor Phillip Tower
Level 36
1 Farrer Place
Sydney NSW 2000

**Sponsoring and Managing Broker**

CPS Capital Group Pty Ltd

Level 45, 108 St Georges Tce
Perth WA 6000

Manager

Corpac Partners Pty Ltd

Level 8
210 George Street
Sydney NSW 2000

**Australian Legal Adviser**

Whittens McKeough & Sundaraj Pty Ltd

Level 29
201 Elizabeth Street
Sydney NSW 2000

**Investigating Accountant**

Bentleys NSW Audit Pty Ltd

Level 10
10 Spring Street
Sydney NSW 2000

**Independent Valuer**

Valutech Pty Ltd

50 Chaucer Street
St Kilda VIC 3182

**Share Registry**

Boardroom Pty Limited

Level 12
225 George St
Sydney NSW 2000

Ph: 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.30am and 5.30pm (AEDT), Monday to Friday
Spreedbox Holdings Limited
Level 7
333 Collins Street
Melbourne VIC 3000
AUSTRALIA

TELEPHONE
Within Australia: 1800 878 206
Outside Australia: +61 3 9558 8077

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WWW.SPREADBOX.BIZ