



GUVERA★

Prospectus • Guvera Limited • ACN 132 647 388 • Initial public offering of ordinary Shares



Lead Manager



Partial Underwriter

Arnold Bloch Leibler
Lawyers and Advisers

Australian Legal Adviser

This Prospectus is an important document and should be read in its entirety. You should seek professional advice if you have any questions about the Shares offered under this Prospectus or any other matter relating to an investment in Guvera.

IMPORTANT INFORMATION

Offer

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary Shares in Guvera Limited ACN 132 647 388 (**Guvera** or the **Company**) (**Shares**) (**the Offer**). This Prospectus is issued by the Company.

The Minimum Subscription is AUD\$40 million and the Maximum Subscription is AUD\$80 million. However, Guvera reserves the right to accept additional subscriptions for Shares to raise up to an additional AUD\$20 million over the Maximum Subscription. No Shares will be issued until the Minimum Subscription has been received.

Lodgement and listing

This Prospectus issued by the Company is dated Tuesday, 31 May 2016 (**Prospectus Date**) and will be lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The Company will apply to ASX Limited ABN 98 008 624 691 (**ASX**) within seven days after the Prospectus Date for admission of the Company to the official list of ASX (**Official List**) and quotation of the Shares on ASX (**Listing**). Neither ASIC nor the ASX take any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be issued or transferred on the basis of this Prospectus after the expiry date, being 13 months after the Prospectus Date (**Expiry Date**). The fact that the ASX may admit the Company to the Official List and grant quotation of the Shares is not to be taken as an indication of the merits of the Company or any investment in Shares.

Note to applicants

The Offer contained in this Prospectus does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of individual investors.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Shares.

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

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

As set out in **Section 11.13**, it is expected that the Shares will be quoted on the ASX initially on a deferred settlement basis. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

D H Flinders has acted as Lead Manager to the Offer. The Lead Manager has not authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Prospectus and there is no statement in this Prospectus that is based on any statement made by it or by any of its affiliates, officers or employees. To the maximum extent permitted by law, the Lead Manager and its affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, and make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to its name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Changes to information

Information contained in this Prospectus may change. If a change occurs that will be materially adverse to the Offer, then in accordance

with the Corporations Act, the Company will issue a supplementary or replacement Prospectus. However, if a change occurs that will not be materially adverse to the Offer, the Company may not issue a supplementary or replacement Prospectus.

Exposure Period

The Corporations Act prohibits the Company from processing applications in the seven day period after the date of lodgement of the Prospectus (Exposure Period). This 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. The examination may result in the identification of deficiencies in this Prospectus, in which case any application may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Photographs and diagrams

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

Future performance and forward-looking statements

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

Other than as required by law, none of the Company or its respective Directors, officers, employees or advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Prospectus will actually occur. Subject to the Corporations Act and any other applicable law, the Company, its officers, employees and advisers disclaims any duty to disseminate after the Prospectus Date any updates or revisions to any such statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

The Company has no intention to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

Any forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management. Forward-looking statements should therefore be read in conjunction with, and are qualified by reference to, the risk factors set out in **Section 10**, and other information in this Prospectus. 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.

This Prospectus, including the industry overview in **Section 2**, uses market data, industry forecasts and projections. The Company has based some of this information on market research prepared by third parties. There is no assurance that any of the forecasts contained in the reports, surveys and research of such third parties that are referred to in this Prospectus will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including the risk factors in **Section 10**.

IMPORTANT INFORMATION

Statements of past performance

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

Financial information presentation

Section 12 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in **Section 12**.

All references to FY2014, FY2015 and HY2016 appearing in this Prospectus are to the financial years ended 30 June 2014, 30 June 2015 and to the financial half year ended 31 December 2015, respectively, unless otherwise indicated.

The Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (AAS).

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they occurred as at 31 December 2015.

All financial amounts contained in this Prospectus are expressed in Australian dollars (AUD\$) unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Obtaining a copy of this Prospectus

A hard copy of the Prospectus is available free of charge during the Offer Period to any person in Australia by calling the Guvera Information Line on 1800 195 936 (toll free within Australia) or +61 7 5610 5889 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday (excluding public holidays).

This Prospectus is also available in electronic form to Australian residents on the Company's website, www.guveralimited.com. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia. Hard copy and electronic versions of this Prospectus are not available to persons in all other jurisdictions.

Applications

Applications for Shares may only be made on the Broker Firm Application Form (if you have received a Broker firm allocation from your Broker) or the General Public Offer Application Form (in general referred to as 'Application Form') attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic copy form (which must be downloaded in its entirety from www.guveralimited.com). By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanies, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus. Refer to **Section 11** for further information.

No cooling-off rights

There are no cooling-off rights associated with an application to invest in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been made.

Foreign jurisdictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, persons in the United States unless accompanied by the Institutional Offering Memorandum as part of the Institutional Offer. This Prospectus does not constitute an offer to any person in the United States.

The Shares described in this Prospectus have not been, and will not be, registered under the US Securities Act of 1933, as amended ("US Securities Act"), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States absent registration under the US Securities Act or an exemption from registration requirements.

See **Section 11.11** for more detail on the restrictions that apply to the Offer and the sale of Shares in jurisdictions outside Australia.

Privacy

By completing an Application Form to apply for Shares, you are providing personal information to the Company through the Company's share registry service provider (**Share Registry**), which is contracted by the Company to manage Applications. The Company and the Share Registry on its behalf, may collect, hold, use and disclose that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by the Company which it considers may be of interest to you.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share Register. In accordance with the requirements of the Corporations Act, information on the Share Register will be accessible by members of the public. The information must continue to be included on the Share Register even if you cease to be a Shareholder.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Share Registry for ongoing administration of the Share Register;
- the Lead Manager in order to assess your Application;
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection that is afforded under Australian law.

You may request access to your personal information held by or on behalf of the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory.

The Company aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

IMPORTANT INFORMATION

Offer management

The Offer is being arranged and managed by the Lead Manager.

Financial services guide

The provider of the Independent Limited Assurance Report on the Financial Information is required to provide Australian retail clients with a financial services guide in relation to that review under the Corporations Act. The Independent Limited Assurance Report and accompanying financial services guide is provided in **Section 13**.

Company website

The Company maintains the Company's website. Any references to documents included on the Company's website are provided for convenience only and information contained in or otherwise accessible through the Company's website or a related website is not part of this Prospectus.

Glossary

Certain terms and abbreviations used in this Prospectus, unless specified otherwise, have defined meanings that are explained in the Glossary set out in **Section 16**. Unless otherwise stated or implied, references to times in this Prospectus are to the time in Sydney, Australia and are indicative only and subject to change.

Questions

If you have any questions in relation to the Offer, contact the Guvera Information Line on 1800 195 936 (toll free within Australia) or +61 7 5610 5889 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday (excluding public holidays).

This document is important and should be read in its entirety.

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FROM THE CHAIRMAN

Dear Investor,

On behalf of the Board of Guvera Limited (Guvera), it gives me great pleasure to present to you this opportunity to invest in Guvera.

Founded in 2008 by Claes Loberg, Darren Herft and Brad Christiansen, Guvera is an industry recognised brand –funded entertainment platform.

Guvera was established in response to the mass illegal consumption of online music, by providing Users with a legal way to access music. The Guvera founders believed that this was the opportune time to adopt a new approach to digital entertainment by engaging the advertising industry; to fund music, as it, too, was going through a shift; from traditional to digital platforms.

With more than 30 years experience in the music industry, as President of Warner Brothers Records and CEO Virgin Records America, I can say that the time for a new opportunity in the music industry has never been better.

The music industry's revenues have declined from USD\$36 billion in 2000 to USD\$15 billion in 2014. The Directors and I believe that Guvera must be the company that changes this for the better, and that introducing brands into the equation is the answer. When I first heard of the Guvera story, what caught my eye was that it was giving everyone what they wanted – brands received focused advertising, consumers received better access to more music and Guvera pays fees through agreements with music labels and publishers.

Primarily focused on mobile digital advertising, today Guvera's revenue model replicates that of a major social media company. Guvera commenced applications for initial advertising patents and intellectual property in 2008, as the Directors believed that brand-funded music was the future of the digital advertising industry. These patents are now more relevant than ever, as Guvera's competitors are adopting similar hybrid-model approaches. Guvera's 'Brand Channel' advertising solution allows brands to engage with specific audiences and at the same time presents Guvera's Users with a wide variety of content and music that they can enjoy in a minimally-disruptive way.

The provision of music is a mass-market service, and the Directors and I believe Guvera is the best positioned music company to take advantage of this mobile advertising explosion.

This Prospectus provides detailed information about the Offer, the industry in which Guvera operates, the evolution of Guvera, Guvera's growth strategy and its financial and operating performance.

Guvera's business is subject to a range of risks, including the loss of music licenses that enable Guvera to provide music from labels and publishers, a reduction in demand in the advertising-funded music streaming market, as well as other risks inherent in the operation structures adopted by Guvera to provide music streaming and Brand Channel services. These risks, as well as other risks associated with investing in Guvera, are detailed in **Sections 1.4** and **10**.

It is important that you read this Prospectus carefully and in its entirety before making your investment decision. On behalf of the Directors, I look forward to welcoming you as a Shareholder.



Phil Quartararo
Chairman



KEY DATES AND OFFER STATISTICS

Key dates

Prospectus Date	Tuesday, 31 May 2016
General Offer, Broker Firm Offer and Institutional Offer opens	Tuesday, 14 June 2016
General Offer, Broker Firm Offer and Institutional Offer closes	Friday, 8 July 2016
Settlement of the Offer	Wednesday, 13 July 2016
Expected issue and allotment of Shares under the Offer and commencement of trading on ASX on a deferred settlement basis	Thursday, 14 July 2016
Expected dispatch of holding statements	Friday, 15 July 2016
Expected commencement of trading on ASX on a normal settlement basis	Monday, 18 July 2016

These dates are indicative only and may change. Guvera, in consultation with the Lead Manager, reserves the right to amend any or all of these dates and times subject to the Corporations Act, the Listing Rules and other applicable laws, including closing the Offer early, extending the Offer, accepting late Applications or withdrawing the Offer, without prior notice. If the Offer is cancelled before the issue and transfer of Shares, then all application monies will be refunded in full (without interest) as soon as practicable. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. The quotation and commencement of trading of the Shares is subject to confirmation from ASX.

Key offer statistics

Minimum number of Shares available under the Offer	40,000,000 Shares
Maximum number of Shares available under the Offer based on the Maximum Subscription being raised and before the acceptance of any Oversubscriptions ¹	80,000,000 Shares
Maximum number of Shares available under the Offer based on the Maximum Subscription being raised and all Oversubscriptions being accepted	100,000,000 Shares
Minimum gross proceeds from the Offer	AUD\$40,000,000
Maximum gross proceeds from the Offer based on the Maximum Subscription being raised and before the acceptance of any Oversubscriptions	AUD\$80,000,000
Maximum gross proceeds from the Offer based on the Maximum Subscription being raised and all Oversubscriptions being accepted	AUD\$100,000,000
Offer Price	AUD\$1.00 per Share
Indicative market capitalisation at the Offer Price based on the Minimum Subscription amount of AUD\$40,000,000 being raised ²	AUD\$588,728,413
Indicative market capitalisation at the Offer Price based on the Maximum Subscription amount of AUD\$80,000,000 being raised and before the acceptance of any Oversubscriptions ²	AUD\$628,728,413
Indicative market capitalisation at the Offer Price based on the Maximum Subscription amount of AUD\$80,000,000 being raised and all Oversubscriptions of AUD\$20,000,000 being accepted ²	AUD\$648,728,413
Indicative valuation of total Shares on issue at the Offer Price based on the Minimum Subscription amount of AUD\$40,000,000 being raised ³	AUD\$1,279,865,836
Indicative valuation of total Shares on issue at the Offer Price based on the Maximum Subscription amount of AUD\$80,000,000 being raised and before the acceptance of any Oversubscriptions ³	AUD\$1,319,865,836
Indicative valuation of total Shares on issue at the Offer Price based on the Maximum Subscription amount of AUD\$20,000,000 being raised and all Oversubscriptions of AUD\$20,000,000 being accepted ³	AUD\$1,339,865,836

KEY DATES AND OFFER STATISTICS

Indicative valuation of fully diluted Securities on issue at the Offer Price based on the Minimum Subscription amount of AUD\$40,000,000 being raised ⁴	AUD\$1,393,884,440
Indicative valuation of fully diluted Securities on issue at the Offer Price based on the Maximum Subscription amount of AUD\$80,000,000 being raised and before the acceptance of any Oversubscriptions ⁴	AUD\$1,433,884,440
Indicative valuation of fully diluted Securities on issue at the Offer Price based on the Maximum Subscription amount of AUD\$20,000,000 being raised and all Oversubscriptions of AUD\$20,000,000 being accepted ⁴	AUD\$1,453,884,440

1. Guvera reserves the right to accept Oversubscriptions under the Offer over the Maximum Subscription to raise up to an additional AUD\$20,000,000.
2. Indicative market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of quoted Shares on issue on Completion of the Offer which does not include 691,137,423 Shares which are subject to escrow arrangements.
3. Indicative valuation of total Shares on issue at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue on Completion of the Offer, including the total number of escrowed Shares.
4. Indicative valuation of fully diluted Securities on issue at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue on Completion of the Offer on a fully diluted basis, which includes the total number of escrowed Shares and the total number of Options on issue. Each Option is exercisable into 4 Shares.



1. INVESTMENT OVERVIEW

1. INVESTMENT OVERVIEW

1.1 Introduction

Topic	Summary	For more information
Who is Guvera?	Guvera is an Australia-based digital music and entertainment company that is primarily focused on providing Users with access to music through a patented brand-funded model of entertainment.	Section 3.1
What is Guvera's history?	<p>Guvera was founded by Claes Loberg, Darren Herft and Brad Christiansen in 2008, on the Gold Coast, Australia. Guvera was officially launched in 2010 as a digital music platform and began as a web-based download service available in Australia.</p> <p>Since 2010 Guvera has provided brands with access to Users via 'Brand Channels'. In 2013 Guvera transitioned to become a cloud-based streaming platform and in 2014, Guvera expanded its operations to encompass 20 live markets around the world. Guvera currently operates in 10 countries.</p>	Section 3.2
What industry does Guvera operate in?	Guvera operates in the global digital music industry and the advertising industry, with a focus on those industries in emerging markets. While the revenue derived in 2014 from the global digital music industry was valued at USD\$6.9 billion, it is estimated that by 2018, worldwide digital advertising expenditure will grow to USD\$255.4 billion and account for 37.4% of the world's total media ad spend.	Section 2
What is Guvera's product and service offering?	<p>Guvera's international digital music and entertainment platform has an online music database of more than 30 million licensed songs and related entertainment content in the form of video and editorial.</p> <p>Guvera is operational in 10 countries and is accessible on web browsers, Apple iOS, Android, Windows Phone, tablets and other digital devices including the Apple Watch and Apple TV.</p> <p>Guvera offers brands a targeted advertising and engagement platform that enables brands to engage with new and existing consumers via Brand Channels. Guvera utilises a combination of music playlists, native content and traditional digital advertising methods of audio, video and display advertisements within the platform to deliver upon brand objectives.</p>	<p>Section 3.7.1</p> <p>Section 4.1.3</p> <p>Section 4</p>
Key investment highlights	<p>The Directors believe Guvera is an attractive investment because Guvera:</p> <ul style="list-style-type: none"> • is a global digital music business disrupting existing Competitors • has more than 14 million Users in 10 countries • has licensing agreements with global and regional music companies providing Users with access to more than 30 million songs • has a business focus on high-growth emerging markets • has a key strategic partnership with Brightstar and a range of regional telecommunication companies • has a client base of major consumer brands • has raised more than AUD\$180 million which has been invested in developing the business over the past seven years • has more than 3,000 Existing Shareholders as at the Prospectus Date • has a Board and senior leadership team with international music and digital experience. 	<p>Section 2.7</p> <p>Section 3.7.1</p> <p>Section 3.7.1</p> <p>Section 3.1</p> <p>Section 7.1</p> <p>Section 5.2.4</p> <p>Section 3.1</p> <p>Section 3.1</p> <p>Section 9</p>

1.2 Key features of Guvera's business model

Topic	Summary	For more information
How does Guvera generate revenue?	Guvera generates most of its revenue from the sale of advertising to consumer brands and marketing agencies. A small proportion of Guvera's revenue is generated through subscription fees paid by subscribing Users.	Section 3.4

1. INVESTMENT OVERVIEW

Topic	Summary	For more information
What is Guvera's growth strategy?	Guvera's growth strategy is to increase Shareholder value by focusing on: <ol style="list-style-type: none"> 1. User and brand acquisition; 2. User retention in existing markets; and 3. Expanding operations into select emerging markets. 	Section 5.2
What is Guvera's pro forma historical financial performance?	There is no disclosure of pro forma historical financial performance. The only pro forma disclosure is the Company's historical financial position.	Section 12.5
Who are Guvera's competitors?	Guvera's primary competitors are companies that offer Users a platform through which to stream digital music content, either through brand-funded or subscription-based services. In addition, and although illegal, digital piracy remains a significant competitor within the digital music content industry.	Section 2.7
Who are Guvera's Users?	Guvera currently has more than 14 million Users globally. Guvera operates in 10 countries that have a combined total population of 2.4 billion people.	Section 3.5.4
Does Guvera have any debt facilities?	Guvera has loans in place from unrelated parties but not from recognised financial institutions.	Section 15.9

1.3 What are the key strengths of Guvera's business?

Topic	Summary	For more information
Patented brand-funded model	Guvera has developed a patented, brand-funded model, which is an advertisement-supported and subscription cloud-based music streaming service that can be deployed to Users world wide.	Sections 3.5.2 & 4.1.1
Patents and music rights	Guvera holds registered patents in its major markets and has music rights with more than 80 music labels, aggregators and rights bodies around the world, providing Guvera with access to a catalogue of more than 30 million songs.	Sections 8.1. & 8.3
Focus on emerging markets	Guvera has focused its growth on emerging markets. The Directors believe that emerging markets are more likely to support Guvera's brand-funded model, because Users in emerging markets are more likely to prefer to stream music for free, through a brand-funded model, rather than stream music via a paid subscription model.	Section 5.2
Cloud-based technology platform	Guvera provides Users with access to music through a variety of services, including radio-style and on-demand music streaming, which are all hosted through a cloud-based technology platform. These services incorporate features such as registration, playlist management and content searching, as well as integration of brand engagement features.	Section 4.1
Strategic partnerships	Guvera has a range of key strategic partnerships that the Directors believe will continue to assist Guvera to acquire and retain Users.	Section 7

1. INVESTMENT OVERVIEW

1.4 What are the key risks specific to an investment in Guvera?

Topic	Summary	For more information
Additional requirements for capital and dilution risk	While the Directors believe that Guvera's available cash and the net proceeds to be raised under the Offer should be sufficient to meet Guvera's current and proposed business activities in the short-term, Guvera may require further funding to operate or expand its business. There is a risk that Guvera may not be able to raise such capital as and when it is required.	Section 10.4.2
	There is also a risk that Shareholders who do not contribute additional capital will have their shareholdings diluted. There is a risk that if Guvera requires, but is unable to obtain, additional debt or equity funding in the future, Guvera may become unable to pay its debts as and when they are due and payable.	Section 10.4.2
Repayment plan	Guvera has entered into a range of repayment plans with various creditors. There is a risk that if Guvera breaches any of these repayment plans, it may be subject to demands, fines or penalties.	Section 10.4.1
Evolving brand-funded music streaming market	The market for brand-funded music streaming has undergone substantial change over the past few years. There is a risk that Guvera will not be able to implement its preferred, and more profitable, brand-funded service model, which may inhibit Guvera's ability to achieve its objectives.	Section 10.2.1
Key music company licensing agreements	Guvera is dependent on securing licensing agreements with global and local music labels and publishers in order to stream their catalogues. These agreements typically contain broad termination rights. If these agreements are terminated, or Guvera is unable to extend these agreements on commercially acceptable terms, Guvera may not be able to provide Users with access to music, which may detrimentally affect Guvera's performance and prospects.	Section 10.2.2
Business contracts/ counterparties	Guvera's has a number of existing contracts that are material to Guvera's business. Many of these contracts are, or will be, governed by laws other than the laws of Australia. There may be difficulties in enforcing contracts in jurisdictions other than Australia. There may also be regulatory or practical considerations that frustrate the enforceability, or enforcement, of such contracts against foreign or foreign-owned counterparties. If Guvera is unable to enforce contracts that are material to its business, there may be a significant adverse effect more generally on Guvera's business and performance.	Section 10.2.3
	Further, if a third party with whom Guvera has dealings becomes insolvent, this may also have a significant adverse effect on Guvera's business operations and financial performance.	Section 10.2.3
	Guvera's agreements with music labels and publishers and brands are short-term (one to two years or less), after which time the parties may agree to extend the agreement or negotiate an agreement on different terms, or otherwise terminate the agreement. Guvera's decision to extend agreements or to negotiate and enter into new agreements depends on a variety of factors, including the perceived return on investment, the effectiveness and relevance of Guvera's advertising products, pricing structures, Guvera's ability to deliver large volumes of ad Impressions and the precise types of ads to targeted demographics. If Guvera is unable to extend its existing agreements or negotiate revised agreements on commercially acceptable terms, this may have an adverse effect on its ability to conduct its business and on Guvera's financial performance.	

1. INVESTMENT OVERVIEW

Topic	Summary	For more information
Competition	<ul style="list-style-type: none"> Guvera competes for Users and, ultimately, listener hours with various established and well-resourced online and digital music providers. There is a risk that competitors may develop a superior technology platform and product offering with greater commercial appeal than Guvera's offering and which may reduce the uniqueness of Guvera's product offering. While digital piracy is illegal, there is a significant risk that Users will cease to use Guvera's streaming platform and instead illegally download music content. Guvera competes with various other forms of advertising providers and there is a risk that if Guvera does not engage Users and prospective brands with innovative advertising solutions, brands will not advertise on Guvera's platform. 	Section 2.7
Failure to protect intellectual property	Guvera regards substantial elements of its technology platform, brand-funded model and software tools as proprietary. Any failure to adequately protect Guvera's intellectual property may have adverse effects on Guvera's business and future prospects.	Sections 10.3
History of operating losses	Guvera has a history of operating losses and expects operating losses and negative operating cash flow to continue in the future as it continues to increase investment in Guvera's business. Guvera may continue to incur operating and other expenses without a corresponding increase in revenue.	Section 10.4.3
Tax	<p>There is a risk that Guvera may not be able to carry forward previous tax losses, which would likely affect Guvera's financial performance.</p> <p>There is a risk that tax liabilities from cross-border transactions may not be recorded correctly or that payments due to tax regulators in jurisdictions in which Guvera operates may not be or may not have been made. Any outstanding liabilities may also be subject to fines, penalties and interest.</p>	Section 10.6.1 Section 10.6.2
Damage to brand and reputation	Guvera's brand and public perception is critically important in retaining and increasing Guvera's number of Users. Any reputational damage or negative publicity could adversely impact Guvera by reducing the number of existing Users and its ability to attract new Users.	Section 10.7.4
Litigation	Guvera is currently a party to various litigious disputes that may result in Guvera being required to pay certain amounts of money to third parties. Additionally, Guvera may, in the ordinary course of business, be involved in possible disputes that could give rise to litigation that may be damaging to the Guvera brand and business and be expensive.	Sections 15.12 10.7.6
Absence of dividends	The Directors do not expect to pay dividends in the near-term. The ability of Guvera to pay any dividend in the future is dependent on many factors. The Directors do not give any assurance regarding the payment of dividends in the future.	Section 10.7.7
Related party transactions	There is a risk that the contracts Guvera has entered into with related parties will be deemed not to have been entered into on arms' length terms.	Section 10.7.8

1.5 Directors and senior management

Topic	Summary	For more information
Who are the Directors of Guvera?	Phil Quartararo – Independent Non-Executive Director and Chairman Darren Herft – Executive Director, Chief Executive Officer and Co-Founder Claes Loberg – Co-Founder and Executive Director Brad Christiansen – Co-Founder and Non-Executive Director Steven Porch – Non-Executive Director	Section 9.1

1. INVESTMENT OVERVIEW

Topic	Summary	For more information
Who is Guvera's senior leadership team?	Darren Herft – Executive Director, Chief Executive Officer and Co-Founder Claes Loberg – Director of Innovation, President House of Guvera and Co-Founder Ken Hostland – Chief Operating Officer, Chief Financial Officer and Company Secretary Damien King – Chief Technology Officer Robb Snell – Head of Product Kara O'Dwyer – Group General Manager Inke Loos – Group General Counsel Jeremy McLennan – Deputy Chief Financial Officer Max Hegerman – Global Director of Brand Strategy Yemee Fernandes – Commercial Director, Asia-Pacific (APAC) Carlos Rojas Girao – Head of Commercial, Latin America Marie Johansson – Commercial Director, Eastern Europe and Russia	Section 9.2
Are there any proposed changes to the Board?	Guvera intends to appoint two Independent Non-Executive Directors to the Board within 12 months of Listing. The Underwriting Agreement grants AMMA Private Equity the right to nominate one suitable director to the Board at any time before 30 June 2023.	Section 9.1

1.6 Significant interests of key people and related party transactions

Topic	Summary	For more information																												
Who are the substantial Shareholders of Guvera?	<p>The table below summarises the number of Shares and Options held by substantial Shareholders and their associates immediately prior to Completion of the Offer. Some of the substantial Shareholders in the table below hold their Shares via various entities and trusts, and do not necessarily have a beneficial interest in all of the Shares and Options detailed below. The table below shows each substantial Shareholders' aggregate holdings.</p> <table border="1"> <thead> <tr> <th>Substantial Shareholder</th> <th>Shares</th> <th>% Shares on issue</th> <th>Options *</th> </tr> </thead> <tbody> <tr> <td>Claes Loberg</td> <td>144,172,000</td> <td>11.63%</td> <td>-</td> </tr> <tr> <td>Various (refer Note 1)</td> <td>106,682,000</td> <td>8.61%</td> <td>-</td> </tr> <tr> <td>Darren Herft</td> <td>97,561,600</td> <td>7.87%</td> <td>7,000,000</td> </tr> <tr> <td>Steven Porch</td> <td>79,946,672</td> <td>6.45%</td> <td>4,000,000</td> </tr> <tr> <td>AMMA Enterprises Pty Ltd <AMMA Enterprises Hybrid Trust> (refer to Note 2)</td> <td>77,650,000</td> <td>6.26%</td> <td>-</td> </tr> <tr> <td>Machin Superfund Pty Ltd</td> <td>66,400,000</td> <td>5.36%</td> <td>500,000</td> </tr> </tbody> </table> <p>Note 1: Clive Dolan, Bruce Wayne Corp Pty Ltd and Ricky Wilson are deemed to have a Relevant Interest in these shares. Mr Dolan holds a Relevant Interest by virtue of him being the sole director of a number of trustee companies which are appointed as the trustee for various investment trusts. Bruce Wayne Corp Pty Ltd is the sole shareholder of these trustee companies and Ricky Wilson is the sole shareholder of Bruce Wayne Corp Pty Ltd. Whilst these parties each have a joint Relevant Interest in these shares, none of these parties have a beneficial interest in these Shares.</p> <p>Note 2: AMMA Enterprises Pty Ltd has a Relevant Interest as trustee of the AMMA Enterprises Hybrid Trust however does not have any beneficial interest in the Shares.</p> <p>These numbers are subject to change following Completion of the Offer based on the participation of those Shareholders in the Offer and the amount raised under the Offer.</p>	Substantial Shareholder	Shares	% Shares on issue	Options *	Claes Loberg	144,172,000	11.63%	-	Various (refer Note 1)	106,682,000	8.61%	-	Darren Herft	97,561,600	7.87%	7,000,000	Steven Porch	79,946,672	6.45%	4,000,000	AMMA Enterprises Pty Ltd <AMMA Enterprises Hybrid Trust> (refer to Note 2)	77,650,000	6.26%	-	Machin Superfund Pty Ltd	66,400,000	5.36%	500,000	Section 11.1.4
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1. INVESTMENT OVERVIEW

Topic	Summary	For more information																																		
What significant benefits and interests are payable to Directors and other persons connected with Guvera or the Offer and what significant interests do they hold?	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Directors</th> <th style="width: 25%;">Relevant interest in Shares prior to Completion of the Offer*</th> <th style="width: 25%;">% Relevant interest in Shares prior to Completion of the Offer*</th> <th style="width: 25%;">Interest in Options prior to Completion of the Offer*</th> </tr> </thead> <tbody> <tr> <td>Phil Quartararo</td> <td style="text-align: right;">6,000,000</td> <td style="text-align: right;">0.47%</td> <td style="text-align: right;">500,000¹</td> </tr> <tr> <td>Darren Herft</td> <td style="text-align: right;">97,561,600</td> <td style="text-align: right;">7.87%</td> <td style="text-align: right;">7,000,000²</td> </tr> <tr> <td>Steven Porch</td> <td style="text-align: right;">79,946,672</td> <td style="text-align: right;">6.25%</td> <td style="text-align: right;">4,000,000³</td> </tr> <tr> <td>Brad Christiansen</td> <td style="text-align: right;">34,000,000</td> <td style="text-align: right;">2.66%</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Claes Loberg</td> <td style="text-align: right;">144,172,000</td> <td style="text-align: right;">11.26%</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">468,362,272</td> <td style="text-align: right;">36.59%</td> <td style="text-align: right;">1,600,000</td> </tr> </tbody> </table> <p>Notes: * Final Directors' shareholdings will be notified to ASX on Listing. Directors may hold their interests directly or indirectly, including through holdings by companies or trusts. Directors may have a relevant interest in Shares even though they do not have a beneficial interest.</p> <ol style="list-style-type: none"> 500,000 AUD\$2.00 Options expiring on 31 December 2016. Each option is exercisable for four Shares. 2,000,000 AUD\$1.00 Options expiring on 31 December 2016 and 5,000,000 AUD\$2.00 options expiring 31 December 2016. Each Option is exercisable for four Shares. 4,000,000 AUD\$2.00 Options expiring 31 December 2016. The optionholder has confirmed it does not intend to exercise these options. <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 50%;">Key people</th> <th style="width: 50%;">Interest or benefit</th> </tr> </thead> <tbody> <tr> <td style="background-color: #e0e0e0;">Key management</td> <td> <ul style="list-style-type: none"> Remuneration Grant of Options under ESOP Short-term and Long-term incentive plans Bonus on Listing (Ken Hostland only) </td> </tr> <tr> <td style="background-color: #e0e0e0;">Non-executive directors</td> <td> <ul style="list-style-type: none"> Directors fees Eligibility to participate in ESOP </td> </tr> </tbody> </table>	Directors	Relevant interest in Shares prior to Completion of the Offer*	% Relevant interest in Shares prior to Completion of the Offer*	Interest in Options prior to Completion of the Offer*	Phil Quartararo	6,000,000	0.47%	500,000 ¹	Darren Herft	97,561,600	7.87%	7,000,000 ²	Steven Porch	79,946,672	6.25%	4,000,000 ³	Brad Christiansen	34,000,000	2.66%	-	Claes Loberg	144,172,000	11.26%	-	Total	468,362,272	36.59%	1,600,000	Key people	Interest or benefit	Key management	<ul style="list-style-type: none"> Remuneration Grant of Options under ESOP Short-term and Long-term incentive plans Bonus on Listing (Ken Hostland only) 	Non-executive directors	<ul style="list-style-type: none"> Directors fees Eligibility to participate in ESOP 	Section 9.4.7
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Non-executive directors	<ul style="list-style-type: none"> Directors fees Eligibility to participate in ESOP 																																			
Has Guvera entered into any related party transactions?	Guvera has entered into a number of related party agreements, including: <ul style="list-style-type: none"> a Capital Raising and Underwriting Agreement an agreement for lease and a carpark licence deed three facility agreements with an entity associated with Steven Porch; a lease agreement; and a service provider agreement 	Section 9.5																																		
Will any Shares be subject to restrictions on disposal following Completion of the Offer?	Prior to Completion of the Offer, a number of Existing Shareholders will enter into Restriction Agreements with ASX as outlined in Section 15.5 . In aggregate, it is expected that approximately 746,636,028 Securities will be classified as Restricted Securities based on the Minimum Offer. This will represent approximately 54% of all the Securities on issue following Official Quotation.	Section 15.5																																		

1. INVESTMENT OVERVIEW

1.7 Summary of the Prospectus

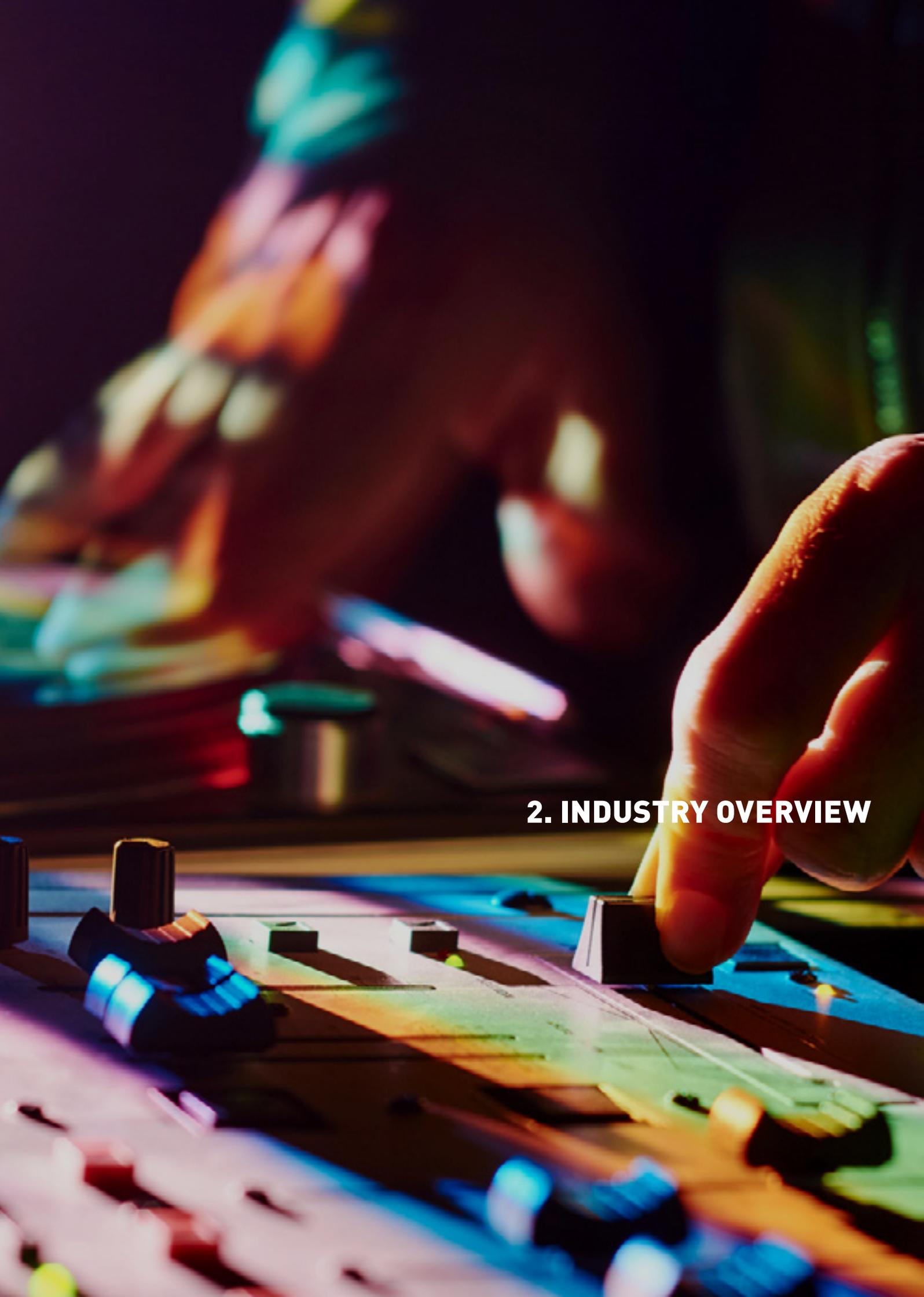
Topic	Summary	For more information																		
Who is the issuer of the Prospectus?	Guvera Limited ACN 132 647 388.																			
What is the Offer?	<p>The Offer is an initial public offering of between 40,000,000 Shares (based on the Minimum Subscription) and 80,000,000 Shares (based on the Maximum Subscription) in Guvera at the Offer Price of AUD\$1.00 per Share. Guvera has the ability to accept Oversubscriptions for a further 20,000,000 Shares.</p> <p>The Offer is expected to raise approximately between AUD\$40,000,000 (based on the Minimum Subscription) and AUD\$80,000,000 (based on the Maximum Subscription).</p> <p>However, Guvera reserves the right to accept additional subscriptions for Shares to raise up to an additional AUD\$20,000,000 over the Maximum Subscription. No Shares will be issued until the Minimum Subscription has been received.</p>	Section 11																		
How is the Offer structured?	<p>The Offer comprises a:</p> <ul style="list-style-type: none"> • General Offer to Australian-resident Retail Investors; • Broker Firm Offer that consists of an invitation to Australian-resident Investors who have received a firm allocation by a Broker; and • Institutional Offer to certain Institutional Investors in Australia and a number of other eligible jurisdictions to bid for Shares under the Institutional Offering Memorandum or this Prospectus (as applicable) 	Section 11.1.1																		
What is the minimum Application by an Applicant under the Offer?	AUD\$1,000.00	Section 11.8.3																		
What are the key Offer statistics?	<table border="1"> <tbody> <tr> <td>Offer Price</td> <td>AUD\$1.00 per Share</td> </tr> <tr> <td>Minimum number of Shares available under the Offer</td> <td>40,000,000</td> </tr> <tr> <td>Minimum gross proceeds under the Offer</td> <td>AUD\$40,000,000</td> </tr> <tr> <td>Total number of Shares on issue after Completion of the Offer</td> <td>1,279,865,836</td> </tr> <tr> <td>Indicative market capitalisation at the Offer Price based on the Minimum Subscription amount of AUD\$40,000,000 being raised¹</td> <td>AUD\$588,728,413</td> </tr> <tr> <td>Indicative valuation of total Shares on issue at the Offer Price based on the Minimum Subscription amount of AUD\$40,000,000 being raised³</td> <td>AUD\$1,279,865,836</td> </tr> <tr> <td>Indicative valuation of fully diluted Securities on issue at the Offer Price based on the Minimum Subscription amount of AUD\$40,000,000 being raised³</td> <td>AUD\$1,393,884,440</td> </tr> <tr> <td>Total number of fully diluted Securities to be escrowed at the listing date</td> <td>746,636,028</td> </tr> <tr> <td>Number of Shares which will be quoted</td> <td>588,728,413</td> </tr> </tbody> </table> <p>1. Indicative market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of quoted Shares on issue on Completion of the Offer which does not include 691,137,423 Shares which are subject to escrow arrangements.</p> <p>2. Indicative valuation of total Shares on issue at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue on Completion of the Offer, including the total number of escrowed Shares.</p> <p>3. Indicative valuation of fully diluted Securities on issue at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue on Completion of the Offer on a fully diluted basis, which includes the total number of escrowed Shares and the total number of Options on issue. Each Option is exercisable into 4 Shares.</p>	Offer Price	AUD\$1.00 per Share	Minimum number of Shares available under the Offer	40,000,000	Minimum gross proceeds under the Offer	AUD\$40,000,000	Total number of Shares on issue after Completion of the Offer	1,279,865,836	Indicative market capitalisation at the Offer Price based on the Minimum Subscription amount of AUD\$40,000,000 being raised ¹	AUD\$588,728,413	Indicative valuation of total Shares on issue at the Offer Price based on the Minimum Subscription amount of AUD\$40,000,000 being raised ³	AUD\$1,279,865,836	Indicative valuation of fully diluted Securities on issue at the Offer Price based on the Minimum Subscription amount of AUD\$40,000,000 being raised ³	AUD\$1,393,884,440	Total number of fully diluted Securities to be escrowed at the listing date	746,636,028	Number of Shares which will be quoted	588,728,413	Key offer statistics summary
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1. INVESTMENT OVERVIEW

Topic	Summary	For more information
How will the proceeds of the Offer be used?	Repaying creditors and debts, and paying for sales expansion activities in a number of markets.	Section 11.1.2
Will Guvera be adequately funded?	The Directors believe that on Completion of the Offer, should Guvera only raise the minimum amount of cash proceeds from the Offer, then it is likely that Guvera will have to raise debt or additional capital in the second half of the financial year to meet its stated business objectives. The Directors believe that on Completion of the Offer, should Guvera raise the maximum amount of cash proceeds from the Offer, Guvera will have sufficient funds available from the cash proceeds of the Offer to meet its stated business objectives. Like a number of early-stage companies, the importance of getting market share and rapidly growing the business in its focus markets may require sales and marketing expenditure higher than anticipated. In addition, as market opportunities arise from time to time that are attractive to Guvera, the Company may seek to raise additional capital or incur debt to meet its needs, as and when it is required.	Section 11.1.3
Will the Shares be quoted on the ASX?	Guvera intends to apply to ASX within seven days of the Prospectus Date for admission to the Official List and quotation of the Shares other than the Shares which will be subject to escrow. Guvera expects those Shares to be quoted under the code GUV.	Section 11.13.1
Will the Offer be underwritten?	Yes, the Offer will be partially underwritten. Guvera and the Underwriter have entered into an Underwriting Agreement pursuant to which AMMA has agreed to underwrite AUD\$10 million of the funds raised by the Offer, conditional upon Guvera first receiving valid applications and payment under the Offer for Shares equivalent to at least a value of AUD\$30 million by 5.00pm on 8 July 2016. Under certain circumstances, the Underwriter may terminate the Underwriting Agreement. These circumstances and further information in respect of the Underwriting Agreement are set out in Section 15.8 .	Section 15.8
Who is the Underwriter?	AMMA Private Equity Pty Ltd. The Underwriter is a related party of Guvera for the purposes of Chapter 2E of the Corporations Act by virtue of the fact that Darren Herft, a Director and the Chief Executive Officer of Guvera, is also the sole director of the Underwriter and indirectly owns 50% of the Shares in the Underwriter.	Section 15.4.1
How can I apply?	You may apply for Shares under the Offer by completing a valid Application Form (attached to or accompanying this Prospectus). To the extent permitted by law, an Application is irrevocable.	Section 11.8
What is the allocation policy for the Offer?	The allocation of Shares under the Offer between the General Offer and the Broker Firm Offer, and to Brokers under the Broker Firm Offer and the Institutional Offer, will be determined by the Lead Manager in consultation with Guvera. With respect to the Broker Firm Offer, it is a matter for the Brokers as to how they allocate Shares among their eligible clients.	Section 11.8
What are the fees and costs associated with the Offer?	There are various fees and costs associated with the Offer, including underwriting fees, advisory fees, legal fees, accountants' fees and other transaction costs. The costs associated with the Offer are expected to total approximately AUD\$6.6 million to AUD\$11.3 million, inclusive of GST (this includes non-cash expenses). These costs will be paid by Guvera from the proceeds of the Offer.	Section 15.4.1
Is there any brokerage or commission payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants who apply for Shares under the Offer.	Section 11.4
What are the tax implications of investing in Shares?	The taxation consequences of any investment will depend upon your particular circumstances. As such, Applicants should seek appropriate independent professional advice that considers the taxation implications of their own specific circumstances. If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser. An overview of the tax treatment of Australian residential investors is contained in Section 14 .	Section 14

1. INVESTMENT OVERVIEW

Topic	Summary	For more information
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or around one business day after the allotment of Shares.	Section 11.8.13.2
Can the Offer be withdrawn?	Guvera reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. In addition, if Guvera does not receive the Minimum Subscription, the Offer will not proceed. If the Offer does not proceed, Application monies will be refunded (without interest).	Section 11.12
Where can I find out more information about the Offer or this Prospectus?	Call the Guvera Information Line on 1800 195 936 (toll free within Australia) or +61 7 5610 5889 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether Guvera is a suitable investment, you should seek professional advice from your accountant, stockbroker, lawyer, or other professional adviser before deciding to invest.	Corporate Directory

A close-up photograph of a person's hand working on a printed circuit board (PCB) in a factory. The hand is positioned on the right side of the frame, with fingers pointing towards the center. The PCB is a green board with various components and traces. In the foreground, there are several components, including a blue and black connector and a small black component. The background is blurred, showing other parts of the factory and a person wearing a blue hard hat. The lighting is dramatic, with strong highlights and deep shadows, creating a sense of depth and focus on the hand and the PCB.

2. INDUSTRY OVERVIEW

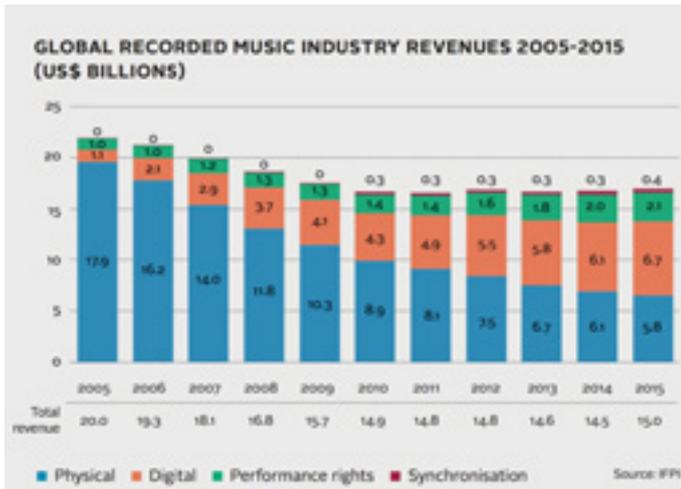
2. INDUSTRY OVERVIEW

Guvera operates primarily in the digital music and digital advertising industries. This section provides an overview of these industries in which Guvera operates.

2.1 The global recording industry

The global music recording industry has experienced declines in revenue due to changes in consumer behaviours and the rise in digital piracy that has occurred on a global scale. Global music sales have dropped from USD\$36 billion in 2000 to USD\$15 billion in 2014, a decline in revenue of USD\$21 billion over 14 years.

Exhibit 2.1



2015 saw the first measurable year-on-year revenue growth in 20 years for the music industry. While both physical revenues and download revenues declined during this time, streaming revenues increased by 45.2%, which suggests that music streaming was the primary driver for this growth in industry revenue.

The decline in global recorded music industry revenue is largely due to the growth in piracy, illegal file sharing and digital music platforms allowing consumers to more easily purchase individual songs, rather than entire albums. Guvera's Directors believe the industry has become more heavily focused on digital, with consumers switching from compact discs (CD) to online music downloads, and from music 'ownership' via online music downloads to music 'access' via streaming. Furthermore, more consumers prefer to listen to music via mobile devices over other devices.

Revenue derived from the sale of music stored in physical forms, such as CDs and vinyl long playings (LPs), accounted for 39% of total music industry revenue in 2015, while digital revenue accounted for 45% of total music industry revenue. Performance rights revenue derived from the use of recorded music by radio broadcasters and public venues, such as bars and restaurants, accounted for 14% of global music industry revenue in 2015.

2.2 Pirating and/or illegal sharing of music

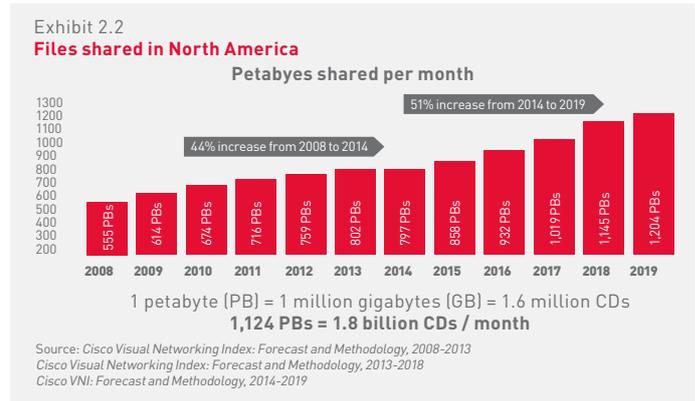
Music piracy is defined as large-scale, unauthorised duplication of recorded music with the intent to defraud the copyright holder of his or her royalties. Copyright holders may include the composers, lyricists and performing artists. Guvera pays fees to the publishing companies, who act on the behalf of the composers and songwriters, or to the music label companies who own the copyright to the music, to stream music on its platform.

While it is difficult to determine the extent of global music piracy, one report estimates that 95% of online music downloaded is illegal. A leading content protection and market analytics company that tracks

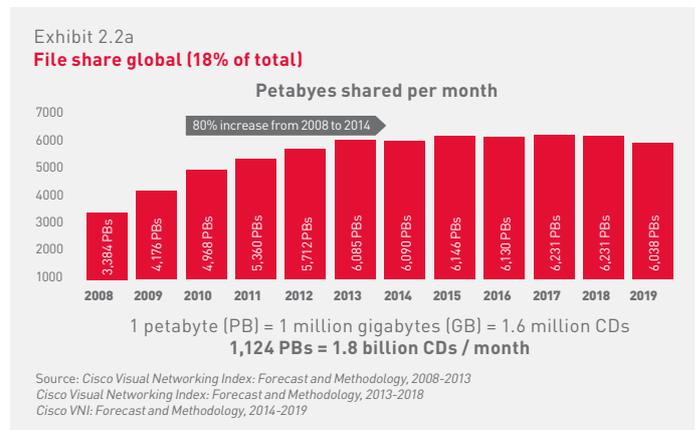
web activity states that there were 12 billion visits to websites to stream pirated music in 2015. Illegal music downloading grew by 16.5% in the second half of 2015 in comparison to the first half of the year.

Recently, a major US newspaper estimated while almost 7.7 million Americans paid for a subscription service in 2015, 20 million Americans pirate music from peer-to-peer file sharing networks. Another recent study has estimated that 57 million Americans between the ages of 13 and 50 obtain their music from unlicensed sources.

Research conducted by Cisco Visual Networking Index shows that file sharing in the US entertainment industry, when measured by data volume, has increased by 44% between 2008 to 2014 and is forecast to continue to grow by 51% from 2014 to 2019.



The same study estimates that global file sharing grew by 80% between 2008 and 2014.



2.3 Digital music industry

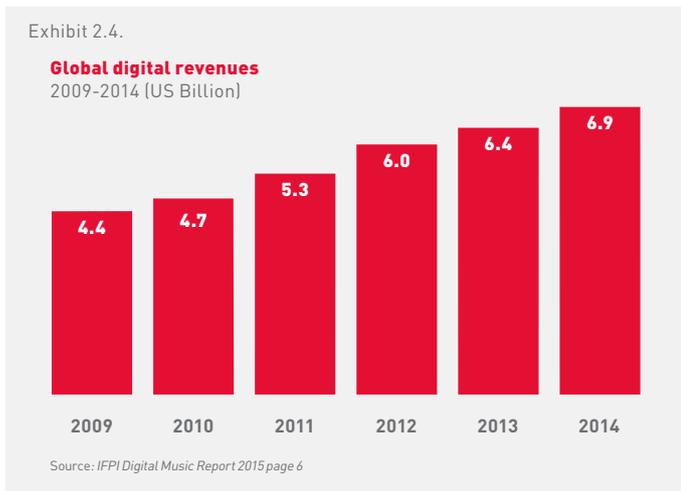
In 2014, revenue derived from digital undertakings matched those revenues derived from physical undertakings for the first time in the global music recording industry's history. Global digital revenues have grown from 2009 to 2014 at a compound annual growth rate of 9.4% to reach USD\$6.9 billion, based on figures from IFPI. In 2015, digital revenue became the primary source of revenue for the music industry, overtaking physical formats.

In recent years, there has been a shift away from music 'ownership' via online music downloads, as consumer preference has trended towards a music 'access' model, being digital streaming services. This trend has resulted in digital music industry permanent download sales falling by 8% in 2014 and by a further 10.5% in 2015 (compared to the previous year's sales figures). As well as a rise in streaming revenue, this reduction in permanent download sales has been further amplified by the growing popularity of Android devices, which are not compatible with iTunes, the largest online music store.

2. INDUSTRY OVERVIEW

2.4 Digital music streaming

The term 'digital music streaming' refers to the listening of music in 'real time', instead of after a file has been downloaded to a consumer's device. Digital music streaming is the fastest growing, and second largest, source of digital revenue for the global music recording industry. In 2014, streaming revenue accounted for 32% of global digital music industry revenue – up from 25% in 2013. Further, in 2015, streaming revenue increased to 43% of digital revenues. Streaming revenue is close to overtaking permanent downloads (which makes up 45% of digital revenue) as the primary source of digital revenue.



Revenue from digital music streaming can be further subdivided into advertisement-based and subscription-based services.

2.4.1 Advertising-based streaming service

Advertising-based streaming services are typically accessed by consumers at no cost but streaming may be intermittently disrupted by paid advertisements. Some advertising-based services also offer less functionality, such as by limiting the number of songs a consumer can skip, or by only allowing consumers to listen to playlists or radio stations that have been generated by the platform,

rather than individual songs or albums selected by the consumer.

Advertisement-supported streaming growth is accelerating on a global scale, up 39% in 2014 compared to 17% growth in 2013. In 2015, advertisement-funded services including music and video streaming services rose by 11%. According to research conducted by a global market research company in 2015, 38% of people across 13 selected markets had accessed free music streaming services in the past six months, compared to just 26% of people who used paid-for download services such as iTunes.

Research conducted on the US music streaming market found that while most consumers are not overly enthusiastic about advertisement-supported music content, they would rather watch or listen to an advertisement than have to pay a subscription fee to listen to music. Research conducted in relation to the music industry notes that there are three leading factors that influence consumers to not subscribe to music streaming services in the US. They are:

1. the associated expense;
2. that music streaming is available for free on other platforms irrespective of artist royalties; and
3. insufficient use to justify payment for a subscription service.

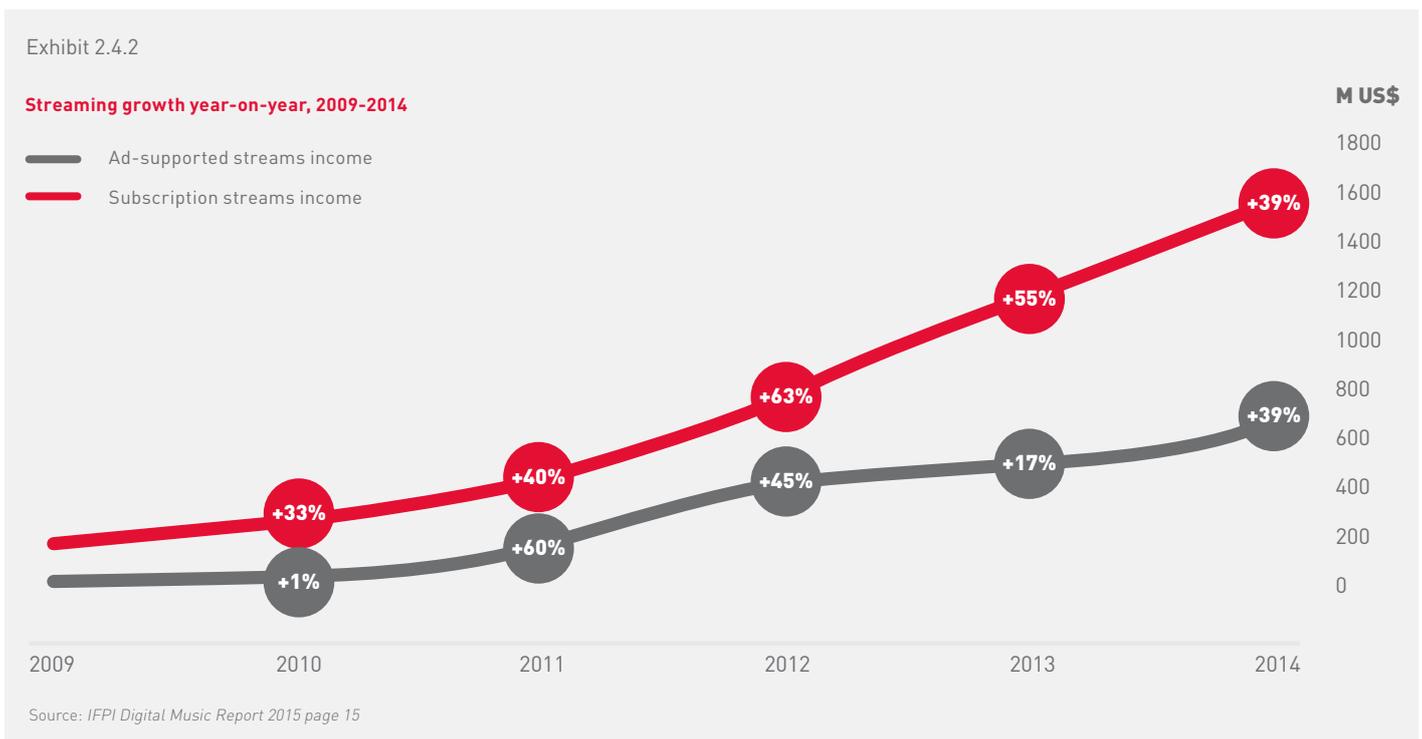
Fewer than 10% of the music consumers surveyed indicated that they would be likely to pay for a music streaming service in the next six months, further highlighting the consumer preference for advertisement-supported, free streaming services.

Given this consumer preference, many music streaming service providers have adopted hybrid models offering both a free advertising-funded service, alongside a subscription service. Such music streaming service providers offer consumers selected premium content or services on their subscription service, for which the consumer is charged a subscription fee.

2.4.2 Subscription-based streaming service

Subscription-based music streaming services typically charge consumers a fee to access their music content.

Subscription-based services provide a higher value offering to consumers, generally allowing consumers to stream songs and albums on demand, without being interrupted by advertisements.



2. INDUSTRY OVERVIEW

Subscription-based services aim to drive maximum value from the consumer by offering premium content that can be either niche or exclusive, such as music or videos that are not available elsewhere (including music or videos that are not available to consumers of non-subscription-based products).

Subscription fees are the global music recording industry's fastest growing revenue stream, having grown more than sixfold to USD\$1.6 billion over the five years to 2014. The number of paying subscribers worldwide increased by 46.4% in 2014 to reach 41 million, based on figures from IFPI, which is five times the number of people who paid for a subscription in 2010. The subscription-based streaming model accounted for 23% of global digital revenue in 2014, a growth of 39% from the previous year. Despite the subscription fee revenue growth, there is evidence to suggest that most music fans are willing to be exposed to advertisements to avoid paying a subscription fee.

2.5 Music streaming market drivers

The Directors believe that there are a range of market drivers for the growth in the number of people streaming music, including:

- the number of internet users;
- mobile internet adoption rates;
- increasing rates of smartphone use;
- changing consumer preferences in relation to the consumption of digital music;
- telecommunication companies offering customers bundled packages; and
- internet speed, coverage and reliability.

2.5.1 Number of internet users

The Directors believe that the recent increase in the number of digital music streaming consumers is being assisted by the growing number of people who have access to the internet. Internet access, whether provided via a copper wire, fibre or wirelessly, is now available and utilised by approximately 80% of the population in developed countries and approximately 34% of the population in developing nations.

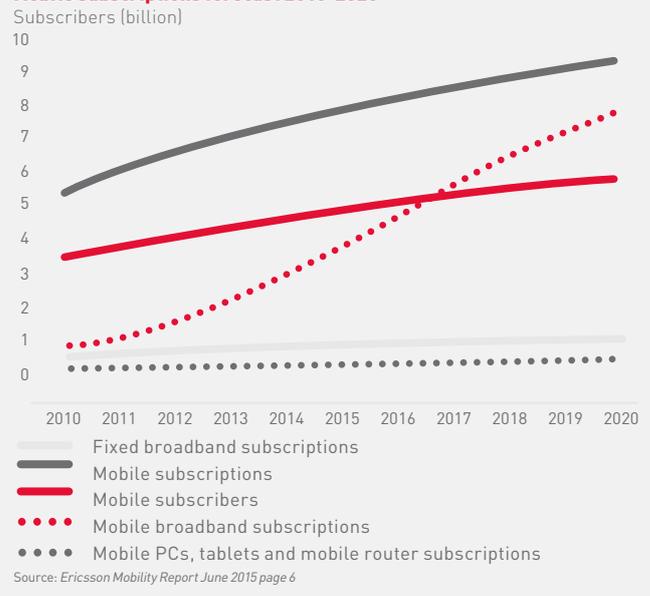
2.5.2 Increasing adoption of mobile internet

Advances in wireless connection standards has led to significant growth in global smartphone and tablet penetration, with Ericsson's June 2015 Mobility Report estimating that 90% of the world's population, who are more than six years of age, will own a mobile device by the year 2020. The majority of these mobile devices are expected to be smartphones with mobile broadband subscriptions.

2.5.3 The rise of smartphones

Smartphones with mobile broadband subscriptions enable consumers to access the internet from any location with a mobile phone signal or a WiFi connection, and do not require consumers to be physically linked to a fixed internet connection. According to Ericsson's June 2015 Mobility Report, the number of global smartphone subscriptions that existed in 2014 will more than double by 2020, reaching 6.1 billion subscribers globally. Of these expected 3.5 billion additional subscribers, approximately 80% of the additional subscribers are expected to come from Asia-Pacific, the Middle East and Africa. This increase in the number of smartphones is making it easier than ever for consumers to access music and video content while on the go. This is most evident in developed markets such as Australia, where research states that 47% of people say that they use their smartphones to listen to music during a typical week.

Exhibit 2.5.3
Mobile subscriptions forecast 2010-2020



2.5.4 Changing consumer preferences

In recent years, consumers have shown a preference for music streaming due to the ease of anytime, anywhere access and the benefit of minimising storage requirements on individual devices, as no physical music files are downloaded on to devices when music is streamed. Research shows that the highest consumption of music streaming is by 18- to 24-year-olds, who have a music penetration rate of 52%. This age group also has the highest rate of free music streaming service consumption.

2.5.5 Bundled packages

A more recent driver of growth in music streaming has been the adoption of bundled packages by leading telecommunication companies. A bundled package involves a telecommunications provider and a digital music streaming service provider integrating the cost of the streaming subscription into a consumer's mobile phone or broadband account. This is a key strategy to provide music streaming services to more consumers and the number of these packages is expected to increase in line with consumer demand to integrate payments for music with their broadband and phone bills.

2.5.6 Improved coverage, speed and reliability

Another factor driving growth in digital music consumption is the improved speed, coverage and reliability of internet connections. Global 3G mobile-broadband coverage has increased from 45% in 2011 to 69% in 2015. It has been estimated that by the end of 2015, 89% of the world's urban population will be covered by 3G, as will 29% of the world's rural population.

Music streaming services generally require a relatively fast and reliable internet connection in order to effectively stream music. The rollout of 3G mobile-broadband coverage has changed the way consumers can use their mobile devices as it allows for the swift delivery of content that was previously less accessible to mobile telecommunications consumers. As worldwide 3G and 4G coverage continues to expand and 5G networks are implemented, the Directors expect that more consumers will engage in data-sensitive activities such as audio and video streaming.

2.6 Global advertising industry

The Directors believe that the advertising industry has undergone significant change in recent years as traditional forms of advertising have given way to advertising through mobile and digital mediums. Global advertising expenditure is rising steadily, supported by rapidly

2. INDUSTRY OVERVIEW

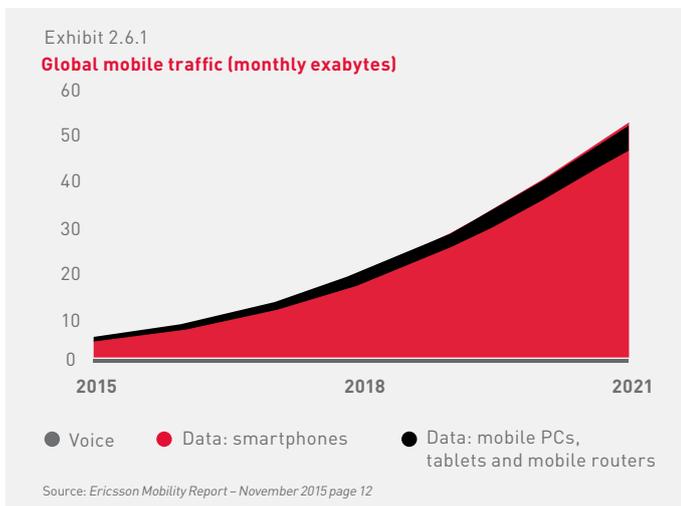
expanding middle classes and internet penetration in emerging markets. **Section 2.6** will address the various components of the global advertising industry, namely the:

- drivers of advertising expenditure;
- digital advertising spend and forecast spend;
- mobile advertising spend and forecast spend; and
- digital and content advertising through music.

2.6.1 Increasing digital media consumption driving advertising expenditure

According to multinational technology company Cisco's Visual Networking Index: Forecast and Methodology 2014 - 2019, global smartphone data usage was on average 1.73 exabytes (which is equivalent to 1,730,000 terabytes) per month in 2014. This amount of data usage is expected to grow tenfold from 2014 to 2019 at a compound annual growth rate of 60%.

Such data usage growth is increasingly driven by video and audio traffic. Global traffic of this nature is expected to account for 82% of all internet traffic by 2018. Service providers of third party content, advertisement-based music streaming service providers and subscription-based music streaming service providers have also helped to fuel the growth of audio and video streaming and data usage.



2.6.2 Digital advertising spending

The increasing popularity of digital media has resulted in marketers and businesses allocating increased proportions of expenditure budgets to digital mediums, including audio and video streaming services. eMarketer, an independent research company that provides insights into digital marketing, media and commerce, estimates that by 2018, worldwide digital advertising expenditure will grow to USD\$255.4 billion and account for 37.4% of the world's total media advertising spend. Search-engine advertising will make up the largest share of digital spending, estimated to account for 47.4% of the worldwide market in 2016, while display advertising will account for 45.6%. The remainder will go towards classifieds and other digital ad formats.

eMarketer also forecasts that advertisers will increasingly allocate their digital media dollars to display formats such as video, audio, social networks and rich media, even at the expense of search, classifieds and other advertising formats.

2.6.3 Mobile advertising spending

In 2015, for the first time ever, US advertisers spent more on search and display advertising to reach consumers on mobile devices than on advertising for desktop computers.

Growth in mobile advertising spending is expected to be aided by a decrease in desktop focused advertising. Within mobile advertising spending, marketers allocate, and will continue to allocate, significantly more each year to advertisements in mobile applications, as opposed to advertisements on mobile websites. This trend is being driven by the:

- greater amount of time consumers are spending in mobile applications rather than on mobile websites;
- recently improved location targeting capabilities mobile applications have; and
- fact that in-app ads typically outperform their mobile website counterparts in terms of revenue.

Increased mobile internet adoption, particularly in developing countries, is also expected to fuel spending growth, as mobile smartphone devices become less expensive and mobile broadband availability increases. The growing usage of mobile social networks and mobile audio and video services is also expected to assist in increasing revenue growth as advertisers increasingly focus on multiscreen strategies.

2.6.4 Digital and content advertising through music

Advertisers are increasingly viewing digital music services as platforms that are able to reach engaged consumers who can be precisely targeted according to geography, demographics, social connections, listening behaviours and other metrics.

Advertisers have observed an increase in digital radio audiences and higher levels of listener engagement. As a result, advertisers are expanding radio-style audio advertisements – the core product on advertising-based music streaming services. However, advertisers are also experimenting with novel approaches, such as sponsored advertisement-free sessions and branded content.

Consumers have demonstrated that they feel more favourably towards a brand that engages them through the medium of music, with 61% of music consumers stating that they would be more likely to advocate brands to others if they have been associated with their personal music preferences. Research suggests that there is a positive connection between a consumer, music and a brand. The Directors believe that a brand that has its own music identity can help to create a relationship with audiences and establish a community where brand promotion is maximised.

2.7 Competitive landscape

Guvera's key competitors are those service providers that offer a vehicle for consumers to stream digital music or other media content, through an advertisement-based model, a subscription based model and a pay per download model.

The Directors view Guvera's main competitors as web-based and mobile based music streaming services including Apple Music, Deezer, Pandora and Spotify. In addition, and although illegal, digital piracy remains a significant competitor within the digital music content industry.

A summary of Guvera's product offerings, as well as those of Guvera's competitors, as at the Prospectus Date, is outlined in Exhibit 2.6.1.

Guvera's competitors vary across different territories. The Directors have not identified the competitors listed above on the basis of the strength of these competitors or their service offerings and is in no way intended to be a comprehensive list of Guvera's competitors; rather it highlights the diversity and competitiveness of the market in which Guvera operates. The digital music content market is continuously evolving and competitive dynamics shift rapidly. The Directors expect that existing competitors and new entrants to the digital music content market will constantly revise and improve their business models in response to challenges from competing businesses, including Guvera.

See **Section 10.2.5**, **10.2.6** and **10.2.7** for more on the risks associated with the competitive landscape in which Guvera operates.

2. INDUSTRY OVERVIEW

Exhibit 2.6.2. Digital ad spending worldwide (\$USD)

	2014	2015	2016	2017	2018	2019
Search*	\$70.25	\$82.04	\$94.07	\$107.11	\$121.41	\$134.46
% change	18.9%	16.8%	14.7%	13.9%	13.4%	10.7%
% of total	48.7%	48.2%	47.4%	47.2%	47.5%	47.5%
Display**	\$61.10	\$74.83	\$90.50	\$105.30	\$119.21	\$133.22
% change	24.7%	22.5%	20.9%	16.3%	13.2%	11.8%
% of total	42.4%	44.0%	45.6%	46.4%	46.7%	47.1%
Classifieds	\$10.19	\$10.53	\$10.87	\$11.30	\$11.69	\$12.06
% change	8.0%	3.4%	3.2%	4.0%	3.4%	3.2%
% of total	7.1%	6.2%	5.5%	5.0%	4.6%	4.3%
Other***	\$2.62	\$2.76	\$2.88	\$3.01	\$3.13	\$3.26
% change	5.2%	5.2%	4.3%	4.4%	4.1%	4.1%
% of total	1.8%	1.6%	1.5%	1.3%	1.2%	1.2%
Total	\$144.15	\$170.17	\$198.32	\$226.72	\$255.44	\$283.00
% change	20.2%	18.0%	16.5%	14.3%	12.7%	10.8%

Source: eMarketer, September 2015. Digital Ad Spending Worldwide, by Format.

* Paid listings, contextual text links and paid inclusions;

** Banners (static display), rich media, sponsorship, video (including advertising that appears before, during or after digital video context in a video player);

*** Email, mobile messaging and lead generation.

Exhibit 2.6.3

Mobile ad spending
Worldwide, 2014-2018



● Mobile ad spending (\$USD billions) ○ Mobile ad spending (% of total digital ad spending)

Source: eMarketer, September 2015. Digital Ad Spending Worldwide, by Format.

2. INDUSTRY OVERVIEW

Why Guvera is different

The Directors believe that Guvera is a platform that Users will choose to stay on because its Native Ads are minimally-disruptive to the listening experience. It is the Directors view that Guvera's ability to create a Brand Channel within the platform allows brands to engage with Users through a music identity.



Other services

The Directors believe that some other music streaming services use advertising to drive consumers to subscribe to their paid platform by disrupting the listening experience with advertisements and then offering an option to eliminate the advertisements if the consumers subscribe to the paid platform. Conversely, the Directors believe that the Guvera platform endeavours to elevate the brand-funded model through Brand Channels; Guvera does this by encouraging Users to consume branded content that is relevant, engaging and entertaining, such as playlists, videos and articles with minimal disruption.



2. INDUSTRY OVERVIEW

Exhibit 2.7 Music streaming competitive landscape

Company	Guvera	Spotify	Deezer	Pandora
Platforms	Browser, desktop and mobile app	Browser, desktop, mobile app	Browser, desktop and mobile app	Browser, desktop and mobile app
Ad-Funded Tier	Play Radio and playlists; Minimally-disruptive ads; Audio buffering; Limited skips Play+ On-demand songs and playlists; Minimally-disruptive ads; Offline caching; Unlimited skips	Platform-generated playlists; Limited skips; Disruptive ads ¹	Platform-generated flows and mixes; Disruptive ads ¹	Radio; Disruptive ads ¹
Platinum tier	On-demand; Ad-free; Offline caching; Unlimited skips	On-demand; Ad-free Unlimited skips; Listen offline	On-demand; Ad-free Listen offline	Ad-free radio and generated playlists; Access to desktop app
Pricing	\$9.99/mth	\$9.99/mth ²	\$9.99/mth ²	\$4.99/mth ²
No. of paid subscribers	3,655*	12.5m ³	5.0m ³	3.5m ³
Song Library	>30.0m	20.0m ⁴	35.0m ⁴	1.0m ⁴
Offline mode	Yes	Yes	Yes	Yes

1. The directors believe the ads on these platforms are disruptive to the listening experience, as compared to Guvera's minimally-disruptive ad-funded model.
 2. Based on Manhattan Venture Research, *Social Streaming in The Cloud*, report 30 December 2014.
 3. Based on Manhattan Venture Research, *Social Streaming in The Cloud*, report 30 December 2014.
 4. Based on Manhattan Venture Research, *Social Streaming in The Cloud*, report 30 December 2014.
- * As at 27 May 2016. Number in thousands.

Guvera's competitors vary across different territories and subject areas. The selected examples provided above do not reflect the strength of these competitors or their products and in no way provide a comprehensive list of the competitors; rather it highlights the diversity and competitiveness of the market. The digital music content market is continuously evolving and competitive dynamics shift rapidly. Guvera expects that existing competitors and new entrants to the digital music content market will constantly revise and improve their business models in response to challenges from competing businesses, including Guvera.

See **Section 2.7** for more on the risks associated with the competitive landscape.



3. COMPANY OVERVIEW

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3.1. Introduction

Guvera is an Australia-based digital music and entertainment company that the Directors believe is revolutionising the way people consume music through utilising a business model that provides Users around the world with digital access to music.

Guvera’s model allows Users to access music in two main ways:

1. by providing music for free, which is funded by a brand; or
2. by subscribing for music via a paid model if the User prefers to have a reduced connection to brands and more control over their listening experience.

Guvera’s primary focus is on developing and enhancing its patented brand-funded model and Guvera is seeking to target a large global audience with this model.

Since inception, Guvera has raised more than AUD\$180 million and has more than 3,000 Existing Shareholders.

3.2 History

Since being founded in 2008, Guvera’s development of its platform and application has evolved, improving its technological and product offerings, which the Directors believe creates a platform that combines music, brands and Users.

Guvera was founded on the Gold Coast, Australia by Claes Loberg, Darren Herft and Brad Christiansen. Guvera was established in response to the mass consumption of illegal music online and to simultaneously create a targeted medium for brands to engage with consumers using a form which was different from traditional advertising methods.

Guvera was officially launched in 2010 as a digital music platform (initially accessible via web only), where Users could download music for free. Guvera’s ability to offer free legal music was supported by brands. Alternatively, Guvera’s Users could choose to download non-sponsored content for a “pay-per-download fee”. Where access to music was sponsored by a brand, the brand paid this fee instead of the User.

Since 2010, Guvera has provided a platform that allows brands to sponsor a User’s access to music – through a Brand Channel. This gives the brand its very own entertainment channel – with music at the forefront – that incorporates branded content such as product and service information.

Today, Guvera provides Users with access to music via its patented brand-funded (or branded entertainment) model as well as a subscription service, allowing Users to pay to listen to music with reduced connection to brands and more control over their listening experience.

The Directors believe that the connection between music, brands and Users is the core of Guvera’s business.

3.2.1 Music industry moves from downloads to streaming

In 2013, Guvera made the decision to move the Company from being a music download platform to a cloud-based music streaming platform. This decision was based on two key factors, being that:

1. music consumers around the world were moving away from web-based download models and towards streaming services based on mobile, tablet and web; and
2. streaming models provided brands with a more economical and financially sustainable model for sponsoring content for consumers’ access to music. This is due to the cost comparison between a music download and music streaming; streaming is more economical for brands to sponsor.

The shift in strategy from downloads to cloud-based streaming relied upon Guvera being able to re-negotiate existing licensing agreements to secure new music access rights that encompassed both streaming and mobile access. Over a 24-month period, Guvera entered into contracts with rights bodies around the globe. These agreements have granted Guvera licences to access a repertoire of more than 100 publishing societies, providing Guvera with a strong music offering. The Directors believe that few other music streaming companies have secured similar global music rights.

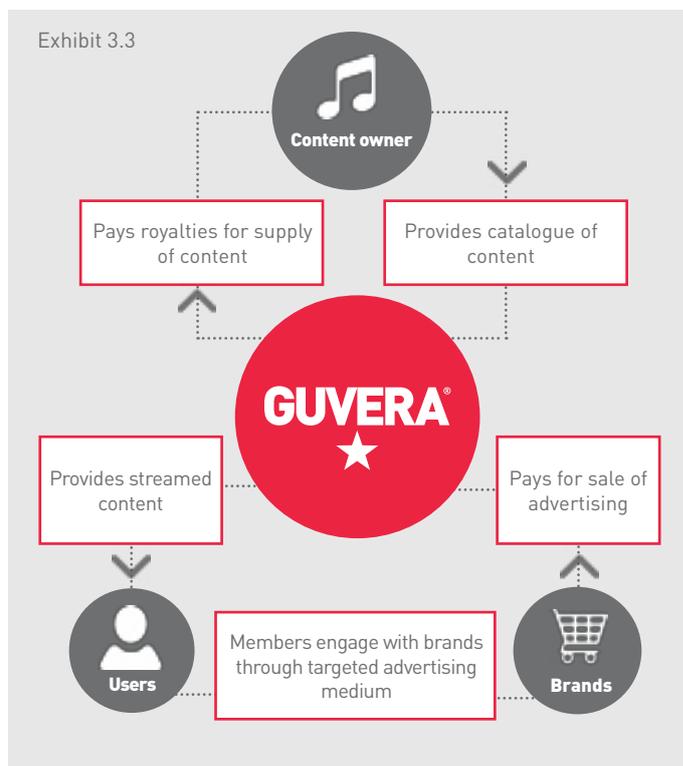
While the Directors believe that Guvera’s competitors have focused primarily on securing subscription rights with limited advertising access, Guvera has secured rights specifically to accommodate its brand-funded model. The Directors believe that Guvera’s patents are key to Guvera’s market position and Guvera’s ability to grow rapidly on a global scale, with a focus on emerging markets.

3.3 Business model

The focus of Guvera’s Directors is to provide Users with free access to music through Guvera’s brand-funded model. Guvera uses a proportion of the revenue it receives through the sale of advertising space to pay the music labels and publishers for the right to stream their music content.

Guvera’s business model is designed to:

- provide a comprehensive music and entertainment content offering that Users seek, incorporating new releases and local music;
- provide Users with immediate access to free multimedia content;
- provide easy-to-use web and mobile platforms to actively engage and retain Users;
- obtain support from music labels and publishers by ensuring that they receive appropriate payment for supplying the music content; and
- provide a targeted online advertising medium for brands to engage a particular audience through a Brand Channel.



3. COMPANY OVERVIEW

3.4 Revenue model

Guvera generates its revenue through a:

1. brand-funded model; and
2. paid subscription model.

The Directors' long-term objective for Guvera is for its User base to be primarily engaged with its brand-funded service. Notwithstanding this, the Directors believe that Guvera's expansion into certain developing countries, such as Indonesia, may necessitate a greater focus on Guvera's paid subscription service in the interim until such time that business operations are developed and advertising relationships are forged in those countries. For further details, please refer to **Section 5.3.2**.

3.4.1 Brand-funded

Research shows that 92% of the world's music streamers want to stream audio for free. The Director's believe that Guvera's major competitors in the music streaming space are focused primarily on generating revenue via a paid subscription model. This means the revenue from their paid subscription model is dependent on music streamers who are willing to pay for music.

Guvera's focus on brand-funded music streaming appeals to the majority of music streamers who prefer free access to music. The Directors believe that as the volume of Users increases, there is a greater capacity to engage more brands to Guvera's service and thus increase revenue via advertising.

3.4.2 Paid subscription

In addition to the brand-funded service model, Guvera offers a paid subscription service for Users who prefer to have unlimited access to Guvera's music catalogue without disruptive advertising.

Under the paid subscription model, subscribers pay Guvera a monthly fee that entitles them to unrestricted access to Guvera's music platform, for a defined period of time. Guvera's pricing structure differs from country to country.

While Guvera offers a paid subscription service, it is not a key focus for Guvera. In FY2015, Guvera's subscription revenue accounted for 6.22% of Guvera's global revenue and subscription Users made up less than 1% of its total membership database.

3.5 Guvera valuation considerations

3.5.1 Music rights and industry valuation

Music is a global industry and establishing a global digital music platform, alongside global music rights, IP and global infrastructure requires significant capital investment.

Prior to the date of this Prospectus, Guvera has already raised capital of approximately AUD\$180 Million to build Guvera into the global music company that it is today.

Some of Guvera's key competitors in this industry include Spotify, Deezer and Pandora.

The product offerings of these companies is set out on Exhibit 2.6 of this Prospectus.

The Directors believe that an appropriate perspective on Guvera's valuation needs to be made in the context of the relative valuations of some of its competitors and peers. Some of those other companies are not publicly listed, and accordingly the Directors have gathered valuation information from various publicly available sources and believe these valuations to be accurate on that basis. As at 16 October 2015, Deezer was valued at USD\$1 billion to USD\$1.25 billion.¹ [AUD\$1.4 billion to AUD\$1.7 billion]² and Spotify was valued at USD\$8.5³ [AUD\$11.6 billion]⁴. Although Pandora was previously (on 2 October 2015) valued as high as USD\$7.7 billion⁵ [AUD\$8.3 billion]⁶,

the Directors believe that digital streaming platforms, including Guvera's, have contributed to Pandora's current lower valuation of USD\$3.6 billion⁷ [AUD\$5.0 billion]⁸.

This Prospectus outlines why the Directors believe that Guvera can ultimately become the number-one player in its industry. As described in **Section 2.2** more than 90% of music users stream music illegally, without paying for music, and want a free service. Guvera offers to Users a free music streaming service. Guvera has spent seven years building a business model that targets the more than 90% of music streamers who want to access music for free.

The Directors believe that Guvera has remained focused on building its business model for music streaming in the face of competitors opting for a paid subscription model. This approach has required the development of relationships with music labels and publishers. The Directors believe this this approach will create a new direction for the digital music industry.

The Directors believe the Brand Channel music model is at the forefront of where the music industry is headed and Guvera is well positioned to now grow its Users, as well as the number of brands engaging with the Guvera platform (see **Section 4** for further information on the Guvera product for Users and for brands).

Brand-funded models exist and are successful for other digital services such as search engines and social media platforms. These services are free for consumers to use and are therefore financially supported by brands and advertisers.

The Directors believe that Guvera's brand-funded model should be viewed in this same regard. The provision of music is a mass-market product and Guvera believes it has the potential to provide the same brand-funded engagement as other search engines and social media platforms provide.

The Directors believe that Guvera should be valued based on this business model which is supported by music rights, registered patents (**Section 8.3**), a music platform, strategy and operational infrastructure.

The Directors believe that the global digital music industry will rely heavily on brand-funded models in the future, and Guvera is well positioned to maximise this opportunity.

1. Based on various publicly available sources, the Directors believe Deezer was valued at USD\$1 billion to USD\$1.25 billion [AUD\$1.4 billion to AUD\$1.7 billion] on 16 October 2015 when it was planning for its initial public offering on the Paris Stock Exchange, based on a price per share at that time of between USD\$41.44 to USD\$56.05 [AUD\$56.36 to AUD\$76.23].
2. Exchange rate of AUD\$1.36 : USD\$1.00 exchange rate from October 2015 when valuation was determined.
3. Based on various publicly available sources, the Directors believe Spotify was valued at USD\$8.53 billion [AUD\$11.6 billion] on 16 October 2015, based on a funding round at that time in which it raised USD\$526 million [AUD\$715 million] and included a USD\$115 million [AUD\$156 million] investment for a 1.4% stake in Spotify.
4. Exchange rate of AUD\$1.36 : USD\$1.00 exchange rate from October 2015 when valuation was determined.
5. Based on Pandora's publicly traded share price of \$21.53 [AUD\$30.57] per share on NASDAQ as at the close of trading on 02 October 2015.
6. Exchange rate of AUD\$1.36 : USD\$1.00 exchange rate from October 2015 when valuation was determined.
7. Based on Pandora's publicly traded share price of \$21.53 [AUD\$30.57] per share on NASDAQ as at the close of trading on 02 October 2015.
8. Exchange rate of AUD\$1.36 : USD\$1.00 exchange rate from October 2015 when valuation was determined.

3.5.2 Guvera Valuation

Upon a successful listing, Guvera's indicative market capitalisation will be approximately AUD\$588 million [USD\$422.3 million]¹ at the Offer Price based on the Minimum Subscription, and the indicative valuation of fully diluted Securities on issue at the Offer Price based

3. COMPANY OVERVIEW

on the Minimum Subscription will be approximately AUD\$1.4 billion (USD\$1 billion)² (based on an Offer Price of \$1 multiplied by the total number of Shares on issue on Completion of the Offer on a fully diluted basis, which includes the total number of escrowed Shares and the total number of Options. Each Option is exercisable into 4 Shares.). This compares to Spotify's valuation noted above in **Section 3.5.1** (as at 16 October 2015 of USD\$8.53 billion.³ (AUD\$11.6 billion).⁴ The Directors regard Spotify's business model as being primarily focused on delivering an advanced and highly credible subscription based music service.

1. Exchange rate of AUD\$1.00 : USD\$0.7185 exchange rate from May 2016 when valuation was determined.
2. Exchange rate of AUD\$1.00 : USD\$0.7185 exchange rate from May 2016 when valuation was determined.
3. Based on various publicly available sources, the Directors believe Spotify was valued at USD\$8.53 billion (AUD\$11.6 billion) on 16 October 2015, based on a funding round at that time in which it raised USD\$526 million (AUD\$715 million) and included a USD\$115 million (AUD\$156 million) investment for a 1.4% stake in Spotify.
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Guvera on the other hand believes that its music rights, Patents and other Intellectual Property, and its brand based music platform better caters to the needs of the more than 90% of music streamers who want free access to music.

3.5.3 The Process Behind Guvera Valuation

The Directors believe that there are four key revenue drivers for Guvera's offering, being:

1. the increase in the number of Guvera's Users;
2. intellectual property;
3. the breadth of music rights that Guvera can provide to Users; and
4. brands.

3.5.4 Users

As at the Prospectus Date, Guvera has more than 14 million Users. The Directors believe that an increased number of Users will attract more brands to Guvera, which will lead to an increase in advertising revenue.

3.5.5 Patents and intellectual property

As detailed in **Section 8.3**, Guvera has patents, for its Brand Channel engagement model, in Australia, the United States and Singapore, with applications pending across various other European markets. Guvera's patents are supported by commercial arrangements with music labels and rights bodies and its technology platform.

3.5.6 Music rights

Please refer to **Section 8.1** for further information about Guvera's agreements with music labels and publishers, and **Section 4** for further information about Guvera's technology platform.

3.5.7 Brands

The Directors believe that Guvera's patented model is the future of the music streaming industry. Guvera's brand-funded service allows:

- Users to stream music free of charge; and
- brands to engage with targeted audiences via music and other related content that can be relevant to the User's music preferences.

3.6 Employees

The Directors are proud of Guvera's people and their contribution to Guvera's success and growth. Guvera currently employs more than 130 people across its seven international hubs – Oceania, Asia, India and MENA, Indonesia, Europe, the United States and Latin America.

Guvera's global headquarters are located on the Gold Coast and house almost half of Guvera's total employees. These employees work across the key departments of creative, marketing and operations, content, commercial, technology, legal and finance.

Guvera's six remaining hubs, mentioned above service Guvera's 9 live markets outside of Australia, with staff operating across marketing, content and commercial.

3.7 Strengths of Guvera's business model

The Directors believe Guvera's brand-funded model has a competitive advantage, due to the benefits it provides to both brands and Users. These benefits are outlined in **Section 3.7**.

3.7.1 Attractive digital mobile music and entertainment platform for Users

There are several key differentiating factors which the Directors believe set Guvera's music streaming service apart from other music streaming companies. Guvera believes that these factors position it favourably with consumers of the highly competitive digital music market. They are:

- **Large and diverse catalogue of content:** The Directors believe that Guvera is one of only a few global music streaming companies to have obtained extensive music rights from music labels such as Universal Music Group, Sony Music Entertainment and Warner Music Group, as well as local labels such as India's Hungama. In total, Guvera has secured music rights with more than 80 music labels, aggregators and rights bodies around the world, creating an aggregated catalogue of more than 30 million licensed tracks from 60,000 local and independent music labels.
- **Strong focus on the local curation of music:** Guvera has established international hubs where local experts curate music content for Guvera Users with a focus on music content that is popular in those regions.
- **Access to multimedia content and a free and minimally-disruptive environment:** Guvera's brand-funded model provides Users with free access to music with limited disruptions to track play. Guvera's focus is to limit the amount of disruptive advertising experienced by Users and instead deliver targeted content to Users who are interested in engaging with branded content.
- **Engaging entertainment content through unique Brand Channels:** In addition to music content, Guvera's Users have access to dedicated Brand Channels, where they can browse playlists curated by brands, peruse brands' social media content, swipe through products and view promotions and special offers. The Directors believe that Brand Channels are a significant feature of the service as they present branded content to Users in a way that is minimally disruptive to the listening experience. Instead, a User is encouraged to engage with the branded content at their discretion.

3.7.2 Attractive online advertising platform for brands

Research indicates that the global mobile advertising market will hit two significant milestones in 2016, surpassing \$100 billion in spending on advertisements served to mobile phones and tablets, and accounting for more than 50% of all digital advertisement expenditure for the first time.

The Directors believe Guvera's service offering represents an attractive online advertising platform for brands for the following reasons:

- **Guvera is reaching millions of people:** Brands who advertise and maintain Brand Channels currently have access to Guvera's Users, which at the Prospectus Date is more than 14 million, in 10 countries globally, which has grown from 1 million Users since 2014. The Directors believe that the number of Users will continue to grow.
- **Patented support of and collaboration with brands:** Through Guvera's patented method of collaborating with brands

3. COMPANY OVERVIEW

through Brand Channels. Guvera is able to offer tailor-made services that are designed to grow a brand's presence. For further information about Guvera's ability and track record of curating specific solutions, please refer to **Section 6**.

- **Meaningful engagement with Users:** Guvera believes that existing entertainment platforms have a tendency to frame advertising as a source of disturbance to Users that can be removed by acquiring a subscription. Traditional advertisement is often disruptive in nature. A common example of this is a commercial that interrupts a television programme. However, Guvera's Brand Channels enable brands to advertise in a native and minimally-disruptive manner to an engaged audience. For example, branded advertising is served as content which Users can choose to access while listening to music.
- **Alternative marketing mechanisms:** In addition to Brand Channels, brands can also market through:
 - Native Ads – including featured advertisements, sponsored playlists, discovery advertisements;
 - Standard advertisements – including display Medium Rectangle (mRec) video and audio
 - Direct – including email, Push Notifications; and
 - Featured content – including featured playlists, suggested Users. Please refer to **Section 4** for further information.

3.8 Awards and achievements

Guvera's platform and Guvera overall have been recognised by industry bodies, receiving awards globally.

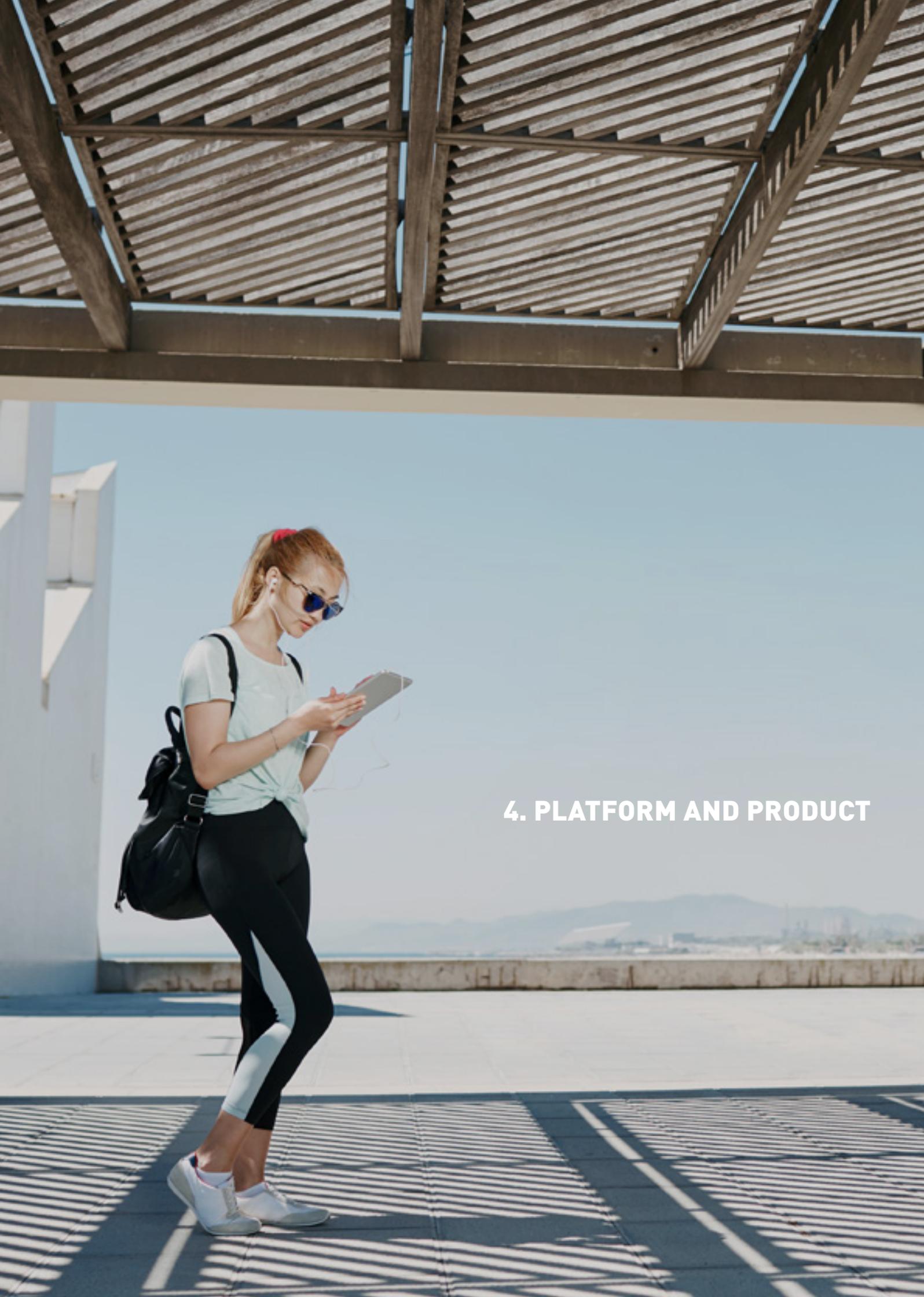
In 2016, Guvera has been:

- awarded Winner of Gold Coast 'Mayor's Innovation GC Award';
- nominated for Best Streaming Audio in The Webby and The Webby People's Voice Award, which are presented by the International Academy of Digital Arts and Sciences to honour excellence in the internet;
- shortlisted for Best Mobile Music App at the Global Mobile (Glomo) Awards;
- placed as Best in Category in the Mobile Apps – Entertainment category for the Horizon Interactive Awards; and
- shortlisted in the Entertainment and Leisure category for the Global Design100 Awards.

The app Design100 awards celebrate creativity, courage and innovation in mobile achievements by both creators and commissioners. The awards provide a unique opportunity for all sectors of the mobile industry to participate in an extensive range of categories and achieve marketplace recognition. Guvera has won:

- Gold in Entertainment and Leisure, 2016;
- Overall Best Start-up, 2013; and
- Best Entertainment App, 2013.

The ASIA (app) Design Awards form part of The Design100's design summit tour series, a programme that is represented in the UK, US, Asia and Australia. Encompassing more than 20 categories, these awards give recognition to innovators across the app design spectrum and offer a unique opportunity for the best start-ups, digital agencies and enterprise teams to compete in local markets. Guvera has won the Best Entertainment App, 2015.



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4. PLATFORM AND PRODUCT

4.1 Overview

Guvera has spent the last three years developing and enhancing its core technology in a Cloud Based delivery platform that accommodates both Users and brands equally. The music streaming platform and supporting products include a radio and on-demand service for Users, while in-app advertising solutions (and international patents that support them) have been built into the platform with brands in mind.

The platform's functionality for Users, includes registration, content searching, station algorithms (patents), social music sharing, playlist management and integrated brand engagement features.

Guvera offers a suite of advertising services to brands, with its leading service being Brand Channels. Brand Channels have been designed in the platform to give a music identity to brands that want to connect with their customers through music. As such, the Directors believe that Guvera is a mobile advertising platform that uses music as means of driving Users to it and consumers to brands. Furthermore, the Directors believe that Guvera is the only music streaming platform in the world that offers brands an in-app service with the extensive functionality that a Brand Channels contains.

Users can register for the service on the Guvera website, www.guvera.com, or through the Guvera application, which is downloaded from an app store. This involves a User supplying their name, email address, password, date of birth and gender. Users can also register via social media, such as a Facebook account, which auto-populates some of the required information.

4.1.1 Guvera for Users

The Directors believe that the Guvera product has been designed and its functionality developed to appeal to Users. The product includes a range of functions that allows a User to:

- build their own playlists;
- access Guvera and brand-curated playlists;
- access music stations;
- access editorial content;
- access video content; and
- share links to music content (on social platforms and within the product).

In addition to music streaming capability and the functions referred to above.

Guvera's social sharing functionality means that Users can follow their friends, favourite influencers, artists and brands, in the same way that other popular social media apps.

In addition to the above features, Guvera 3.0 has introduced Music Channels, based on the most popular genres, themes and moods of music. Within these channels, the User can access genre specific playlists, stations, recommended Users and editorial content including interviews, news articles, album reviews, photo galleries, brand competitions and products.

4.1.2 Tiers of services for Users

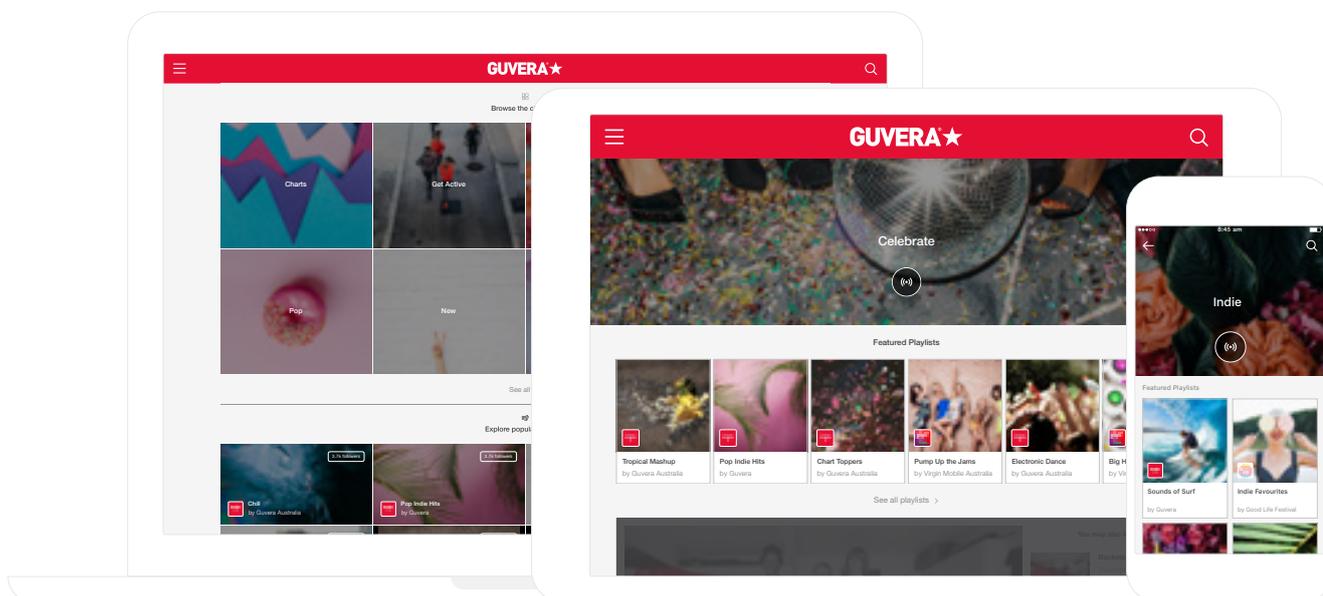
Guvera offers three service tiers for Users: Play, Play+ and Platinum. The Play and Play+ tiers of service are brand-funded and offer Users free access to music streaming.

The Play+ service has been trialled in Australia and includes the following features:

- ad supported;
- unlimited on-demand streaming;
 - unlimited radio-style music streaming by track, artist or mood;
 - unlimited radio-style music streaming of playlists, trending and genre stations;
- Offline Caching;
- Full Track Visibility;
- playlist curation;
- social features; and
- genre based entertainment content such as editorial and video.

The Play service includes the following features:

- ad supported;
- select a track, artist or mood as a 'seed' to generate a playlist;
- like and dislike track influencing;
- shuffle based radio-style music streaming, seeded by a track, artist or album;
- shuffle based radio-style music streaming of playlists, curated stations and genre stations;
- track skipping up to six skips per hour;
- social features; and
- genre based entertainment content such as editorial and video.



4. PLATFORM AND PRODUCT

Alternatively, Guvera's Users can pay a monthly subscription fee to subscribe to the Guvera Platinum service.

The Platinum service includes the following features:

- unrestricted access to on-demand music;
 - search and play;
 - radio-style music streaming by track, artist or mood;
 - radio-style music streaming of playlists, trending and genre stations;
- unlimited skips on tracks;
- Offline Caching;
- Full Track Visibility;
 - playlist curation; and
- social features.

4.1.3 Supported devices

The product services above have been developed to support devices and applications for Apple iPhone, iPad, Apple Watch, TVOS (television operating system for Apple) and Android phone and tablet, Windows phone and Sonos Speakers.

4.1.4 Communicating with users

Guvera's platform features direct communication services that support both automated and manually configured campaigns that can be delivered to highly targeted segments of Users. This means that how a User interacts with the product can impact the way in which Guvera communicates with the User. Users can be segmented based on a number of different characteristics including, but not limited to:

- demographics (age, location, gender);
- account type (brand-funded, subscription, trial);
- behaviour and milestones from in-app activity (amount of usage, creation of playlists, following Users);
- device type (Apple, Samsung);
- brand connection (express connect);
- music content preferences; and
- frequency of usage and time spent on the platform.

Communications can be delivered to Users via a number of different channels, including Push Notifications, emails and in-application messages. The Directors believe that Guvera's ability to target its communications to Users is more likely to generate genuine User engagement in the platform.

4.1.5 Recommendation engine

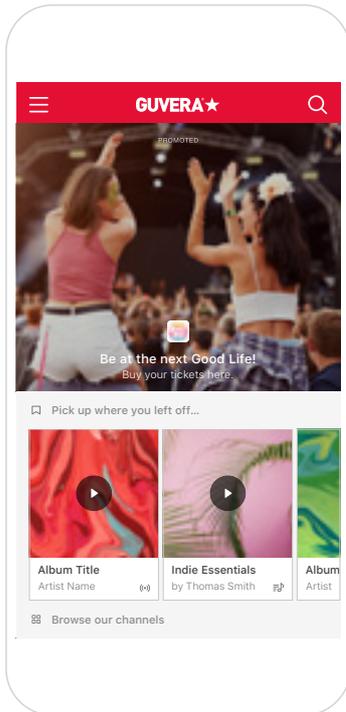
Each individual User on the Guvera platform has a tailored 'taste profile' that is continuously refined throughout the duration of that User's time on the platform. The 'taste profile' is determined by a User's music history on the service and allows Guvera to then customise each User's experience. The Directors believe that this will assist in keeping the User on the platform. Guvera can customise a User's experience by:

- recommending content to Users based on their existing selections;
- optimising pathways through the service based on taste preferences;
- recommending new content to Users based on taste alignment; and
- optimising communications to Users to increase relevance.

The following illustrations outline some of the ways in which a typical User can engage with brand content on the platform:

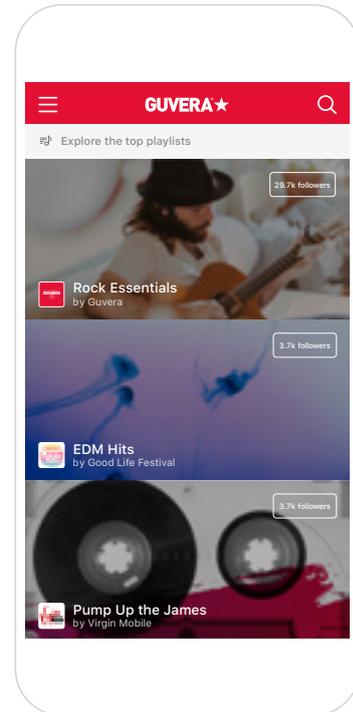
- app entry placement / User taste recommendations;
- music playlists / Featured Content; and
- recommended Users and related content / social feed promoted items.

4. PLATFORM AND PRODUCT



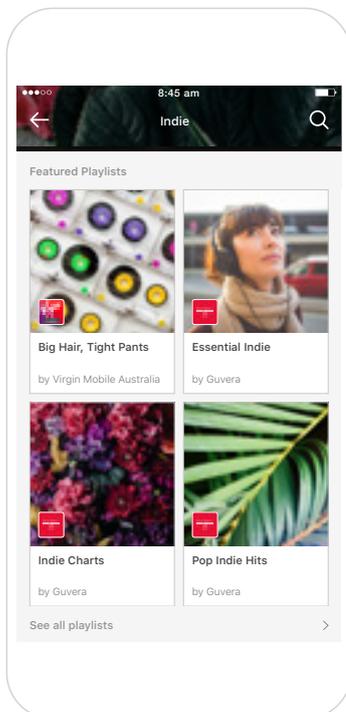
App entry placement

On entry to the app a User will see hero Native Ads, which is an ad that is hosted in the app (as opposed to a pop-up ad).



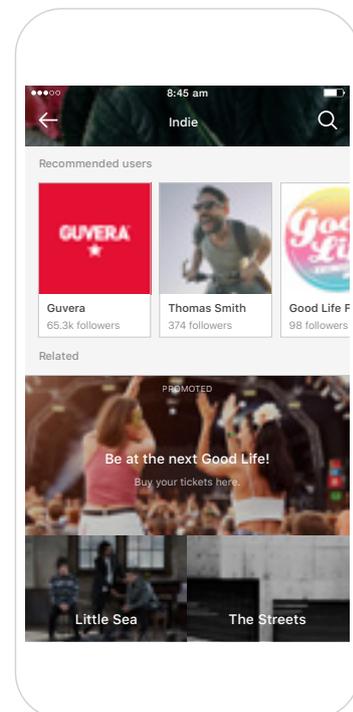
User taste recommendation

Based on a User's taste profile and listening habits, Users are recommended specific playlists, which are displayed in the image above, and include branded playlists.



Music Channel playlists

Playlists relating to the Music Channel's specific genre, some of which will be branded, are listed within a Music Channel.



Recommended Users and related content

Brands and Users will be recommended to other Users based on what Music Channel they are browsing, as will related content that could involve articles, artists and stations.

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4.1.6 The value of brands for Users

Users can interact with brand provided content as follows:

- listening to their curated music playlists
- watching their video content;
- reading editorials;
- entering competitions;
- viewing photo galleries;
- browsing products; and
- following social profiles.

Additionally, brands have the option to link their products or services to the platform using Guvera's direct connection feature. This will provide the Users with the option to connect their Guvera account to their existing brand account, in order to access additional products, services or offers from the brand. An example of this service is the Virgin Connect offer (Refer to **Section 6.2.1** for more details).

The integration of brand content has been executed through Native Ads and custom features, which the Directors believe can deliver a minimally-disruptive music and entertainment experience for Users.

4.2 Guvera for brands

The Directors have developed a brand strategy based on what they believe brands want from an advertising platform. The Directors believe that these wants include:

- engagement with consumers
- the ability to target consumers through:
 - specific consumer demographics
 - the acquisition of new consumers
 - promotion to a wider reach of consumers
- social interaction with their consumers
- understanding consumer interests and then bond with them
- increasing consumer loyalty and long-term relationships
- an association with music
- emotive reach – such as the creation of feelings or themes aligned with their core values
- an ability to communicate with consumers universally
- promotion of their brand image
- the creation of their own personality
- the creation of channels that represent their values, beliefs and goals
- a return on investment
- consumer and performance analytics
- the ability to perform eCommerce transactions
- a focus on digital advertising
- flexibility
- running advertising campaigns which can be
 - tailored to multiple consumer audiences
 - run with promotions, competitions, sponsorships or events
 - implemented quickly
- running multiple marketing programmes simultaneously

Guvera believes that it meets this need by providing Brand Channels on the Guvera platform through which brands can develop their own marketing strategies using music as a core feature. The platform provides video streaming, stories/interviews, social media interaction and is available on multiple electronic devices, though predominantly on mobile devices such as smartphones.

Studies indicate, and the Directors believe, that consumers want the following from brands:

- to be treated like friends - as fans, not customers
- engagement in a meaningful dialogue with the brands they favour
- communication and personal connection
- an open and honest relationship
- having a relevant and engaging story
- authenticity – a brand that has values and morals and stands

- by the consumer no matter what challenges are encountered
- meaningful experiences, shared experiences focused on real people

In summary, the Directors believe the Guvera platform delivers what consumers want:

- free music - people don't want to pay for access to music
- brands that use music to engage with consumers

4.2.1 Brand Channels

As the primary way for brands to engage with Users on the Guvera platform, Brand Channels have two purposes:

- convey the key brand messages through content; and
- encourage Users to interact with the brand.

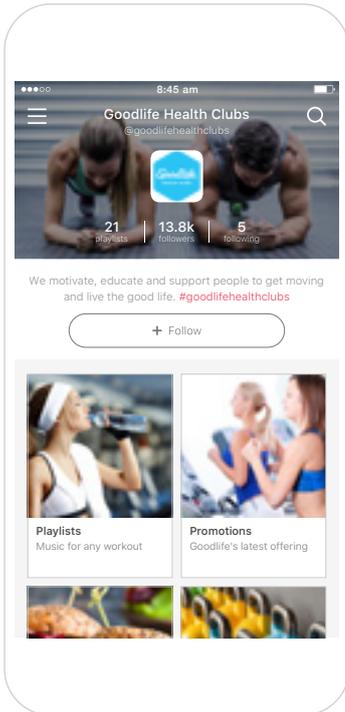
Brand Channels can be customised to clearly reflect brand styling and content with the following customisable features:

- brand name and social username;
- profile picture;
- profile short description;
- playlist content including name, description, cover image and track list for each;
- channel layout; and
- channel tile imagery, title and description.

Brand Channels exist on a User's profile and their music playlists and allows brands to present the following types of content to Users:

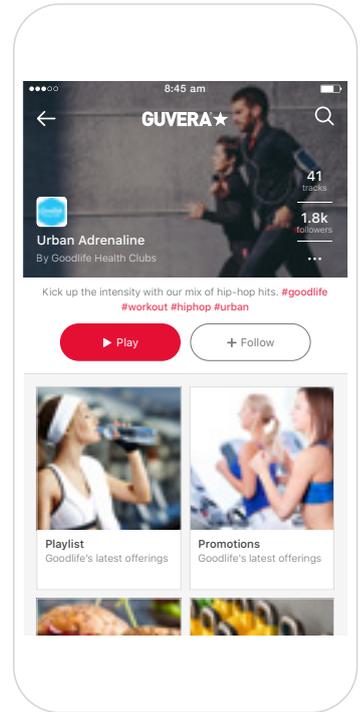
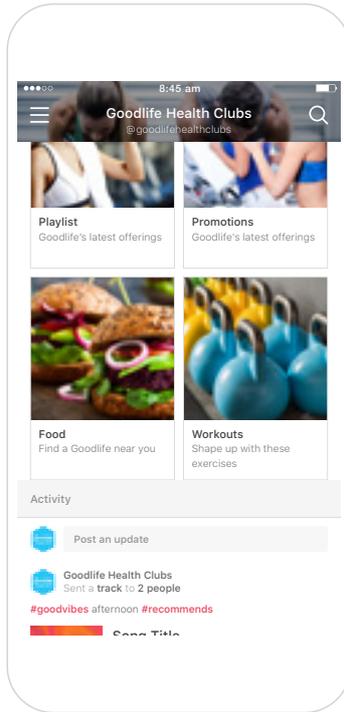
- music playlists;
- videos and video playlists;
- image-based carousels;
- web-based content;
- links to other User profiles;
- links to artists and albums; and
- links to mobile apps.

4. PLATFORM AND PRODUCT



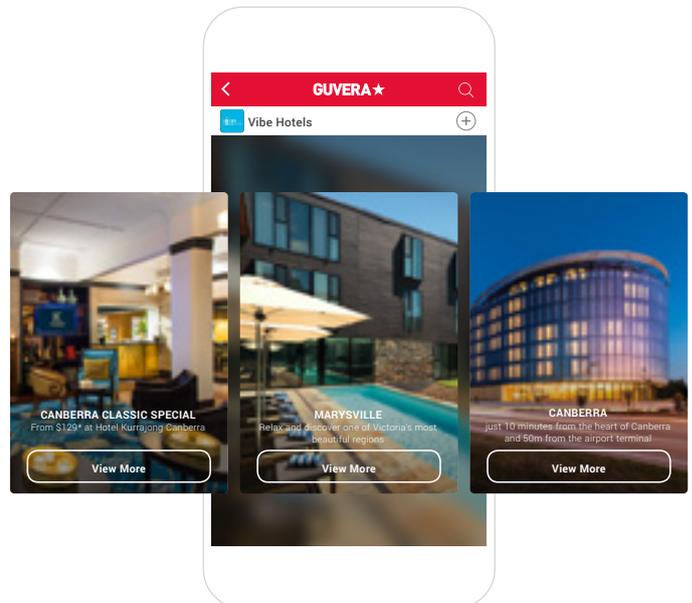
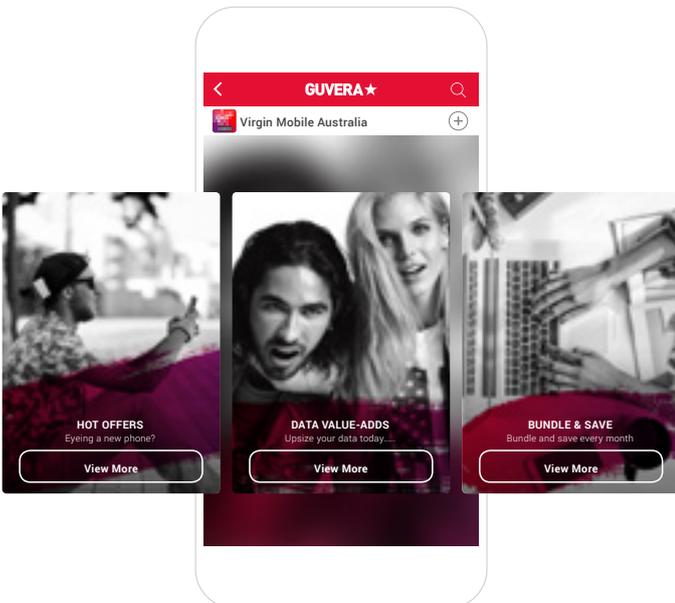
Brand Channel profile

Brand Channels can be customised to clearly reflect brand styling and content.



Brand Channel playlist

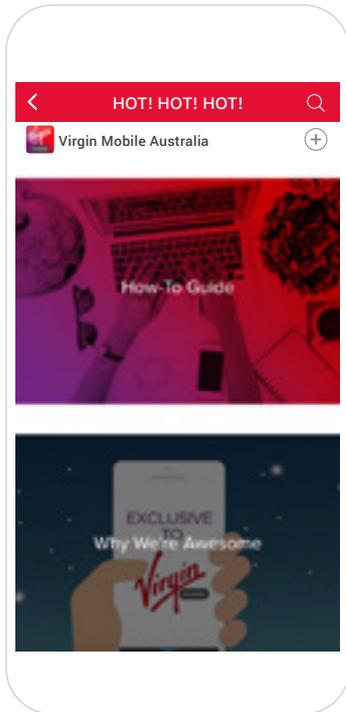
A brand's playlists are housed within their Brand Channel.



Product Carousel

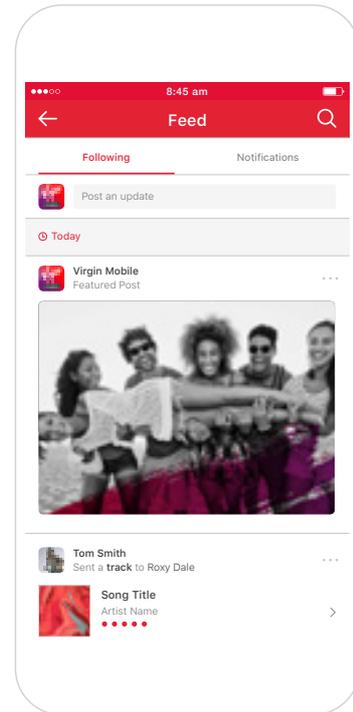
A product carousel is a graphic element which displays rotating products. The User can scroll through at the discretion, whilst listening to their music for free.

4. PLATFORM AND PRODUCT



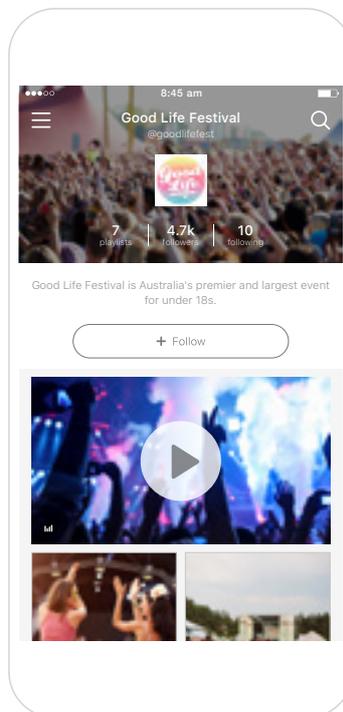
Brand Channel web content

A place where a brand can directly link their web content within the Brand Channel for example, a Blog.



In-app social feature

Social feed within the Guvera app.



Native video

Video content that is displayed using video functionality that is built into the Users' device operating system rather than being displayed by a web-based function.

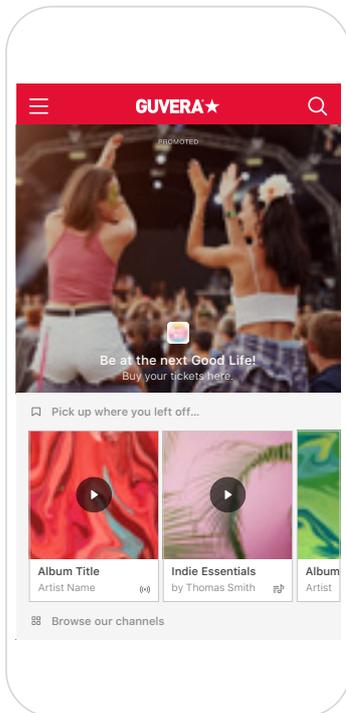
4. PLATFORM AND PRODUCT

4.2.2 Featured Placements

Guvera offers brands a range of featured placements for the purpose of advertising their Brand Channels, content, products and services. Guvera uses Native Ad technology and audience targeting to ensure that featured placements only display contextually relevant brands to Users.

Featured placements include:

- Hero Placements on the highest-traffic views within the product;
- Feed Placements as promoted content within Guvera's social feed;
- Featured brand playlists within Music Channels and recommended Users;
- Featured brand video within Music Channels;
- Featured user profiles within Music Channels;
- Featured related content within Music Channels;
- Display advertising during music playback in the Guvera music player; and
- Audio advertising between tracks during music playback.



Hero Placement

Hero native ad is minimally disruptive and typically used as an entry point or driver to a Brand Channel.

4.2.3 Social Connection

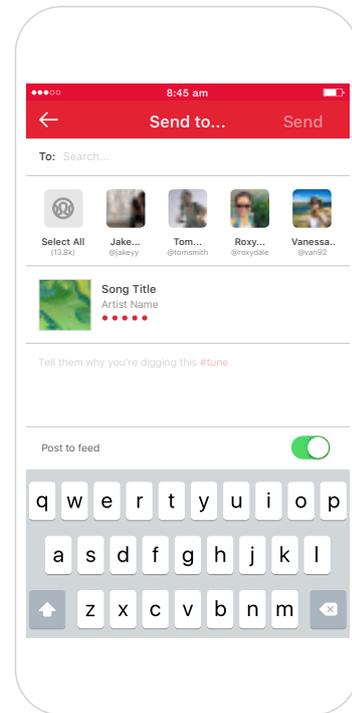
Guvera's inbuilt social framework enables Users to follow brands and their playlists in order to receive content and activity updates.

The Directors believe that brands create a social connection with Users when Users choose to follow:

- the brand's user profile; or
- one or more of the brand's playlists.

Brands are able to share content to all Users that are following them by using Guvera's social activity features. Actions that brands can take to increase social visibility include:

- Sharing listening activity to their social feed;
- Sharing playlist updates to their social feed;
- Sharing playlist and User follow activity to their social feed;
- Posting a text-based update to their social feed;
- Sharing a playlist, album or track to their social feed; and
- Directly notifying their followers of a playlist, album or track.



Social feed promoted items

Brands and Users can choose to share playlists, albums or tracks with followers.

4. PLATFORM AND PRODUCT

4.2.4 Automated Re-engagement

Guvera allows brands to automatically re-engage with Users that have completed an initial action associated with a Brand Channel. Re-engagement can take the form of a Push Notification or email message that is tailored to both the type of action that was performed, the content associated with the action and the demographics of the User who performed the action.

The following User actions are able to initiate a re-engagement action:

- User listens to a brand playlist;
- User follows a brand playlist;
- User follows a brand profile; and
- User shares a brand playlist.

4.2.5 Audience Targeting

The Directors believe that Guvera is a sophisticated advertising platform that includes audience targeting and reporting for User engagement on brand content whether it is delivered via a Brand Channel or a featured placement. Brands are able to vary the features displayed on their Brand Channel or promoted through a featured placement based on the following User characteristics:

- location;
- age;
- gender;
- music taste;
- account type;
- currently viewed or played content;
- brand association (direct connection);
- device type; and
- carrier network.

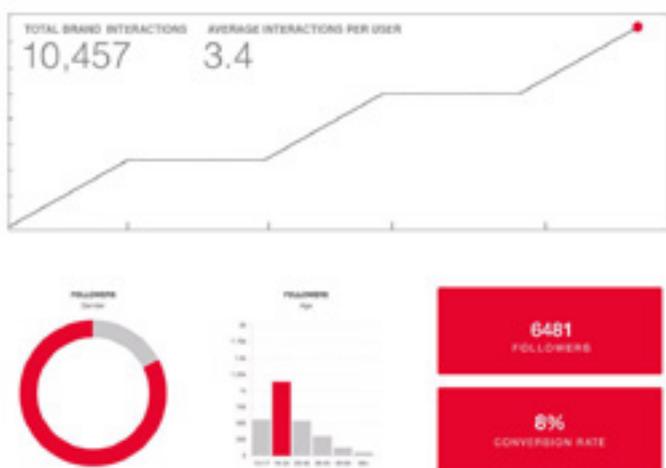
4.2.6 Engagement Informatics platform

Guvera has developed a system called the Engagement Informatics Platform (EI), which the Directors believe enhances Guvera’s existing analytics systems and will benefit music labels and brands. Once released, brands will be able to manage their Brand Channels. The Directors intend that EI will continue to add new functionality that will likely include:

- detailed analytics on Users and their behaviours;
- Native Ads;
- engagement metrics for Brand Channels;
- Brand Channel content management control (the creation and updating of music playlists and advertising tiles);
- analytics on and insights into Users and their usage;
- trending tracks, artists, albums, labels and playlists; and
- top tracks and artists.

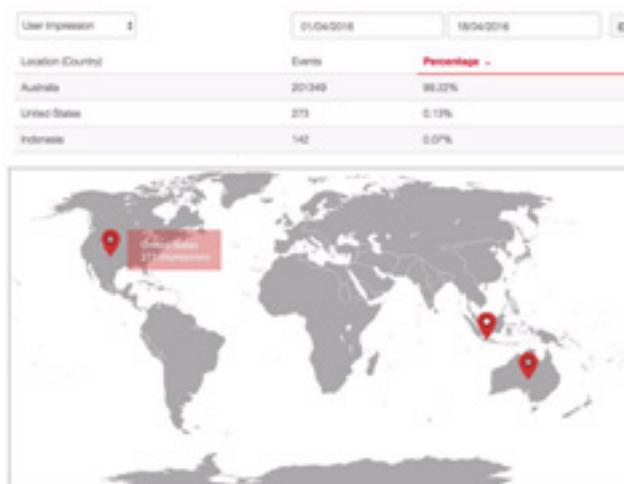
The following table illustrates a number of the features available within the EI. For example:

Exhibit 4.2.6



User interaction summary and follower summary including gender and age demographics.

Exhibit 4.2.6a



The location of Users that have seen brand content.

4. PLATFORM AND PRODUCT

4.2.7 m-Commerce features

The Directors believe that Guvera, with its internationally registered advertising patents, Native Advertising and Brand Channels, is a leading music and advertising platform for brands, with the functionality to accommodate m-commerce in-app transactions. Combined with the free access to music for Users, the Directors believe that Brand Channels are an opportunity for brands to engage and retain their customers and sell their products via the Guvera m-commerce feature.

4.3 Technology

4.3.1 Multi-device platform

Guvera's music streaming service is based on a global delivery platform which the Director's believe is built in Australia and applied globally to operate across a wide range of devices to ensure key functionality is integrated onto the platform no matter which device is used. This service delivers a range of digital entertainment content across web, mobile and portable devices.

Guvera's application servers and data storage systems that support the platform are housed at Amazon AWS in secure regions across Australia, Singapore and the United States. The platform is load-balanced across the different locations to maximise region-specific performance and limit reliance on any particular region from a redundancy perspective.

The platform is serviced and supported by an in-house IT support team, as well as third-party service providers such as 7Digital.

The Directors believe Guvera's technology platform is highly scalable, provides an efficient means to expand into new geographical markets and will require minimal additional capital expenditure in the short-term to support higher streaming volumes.

4.3.2 Customer relationship management solution

The Guvera platform manages several layers of User analytics that capture a complete interaction history of individual Users across all devices, with key insights that include:

- the types of content streamed;
- the regularity and duration of streaming sessions;
- preferred product features and usage history;
- preferred brands and engagement features; and
- preferred methods of communication.

4.3.3 Content delivery solution

Guvera has an agreement with 7Digital, a leading B2B digital music and radio services company, to provide the ingestion and delivery of artists images, music and other associated meta data. As a content ingestion provider that services the Guvera platform, 7Digital supplies content to Guvera's Users under Guvera's licensed agreements with the music record labels and publishers.



5. GUVERA MARKETS STRATEGY

5. GUVERA MARKETS STRATEGY

5.1 Guvera's focus markets

Guvera's music streaming platform has operated in 20 countries (Argentina, Australia, Chile, Colombia, Hong Kong, India, Indonesia, Malaysia, Mexico, Peru, Philippines, Russia, Saudi Arabia, Singapore, Thailand, Ukraine, the United Arab Emirates, the United States, Venezuela and Vietnam). For 2016 to 2017, of these 20 countries, Guvera intends to focus on the following 10 countries:

- India
- Indonesia
- Philippines
- Saudi Arabia
- The United Arab Emirates
- Australia
- Mexico
- Russia
- United States
- Vietnam

Guvera has chosen to refine its market focus to 10 markets as a result of a strategic evaluation of the Guvera business. Guvera's Directors believe that these 10 markets represent 32% of the world's population, of which Guvera currently has over 14 million Users.

The population of each of these markets is increasingly gravitating towards mobile and smartphone usage and the consumption of content through mobile devices, particularly the consumption of digital music. Based on this, the Directors believe that these markets are suitable for the brand-funded model to succeed. These key markets have been selected based on the following criteria:

- potential to monetise brands;
- cost to provide the service;
- limited number of competitors currently providing music streaming services;
- population size;
- mobile phone penetration (current and potential);
- piracy penetration;
- size of current User base (market penetration); and
- local music consumption trends relative to Guvera licensed content

Refer to **Section 5.3** for Key market analysis.

5.2 Pilot

In 2015, Guvera developed its market strategy by using its home market of Australia as a pilot site and key testing ground for Guvera to refine its strategies to attract, activate and retain Users, increase their engagement in the app and to monetise the platform.

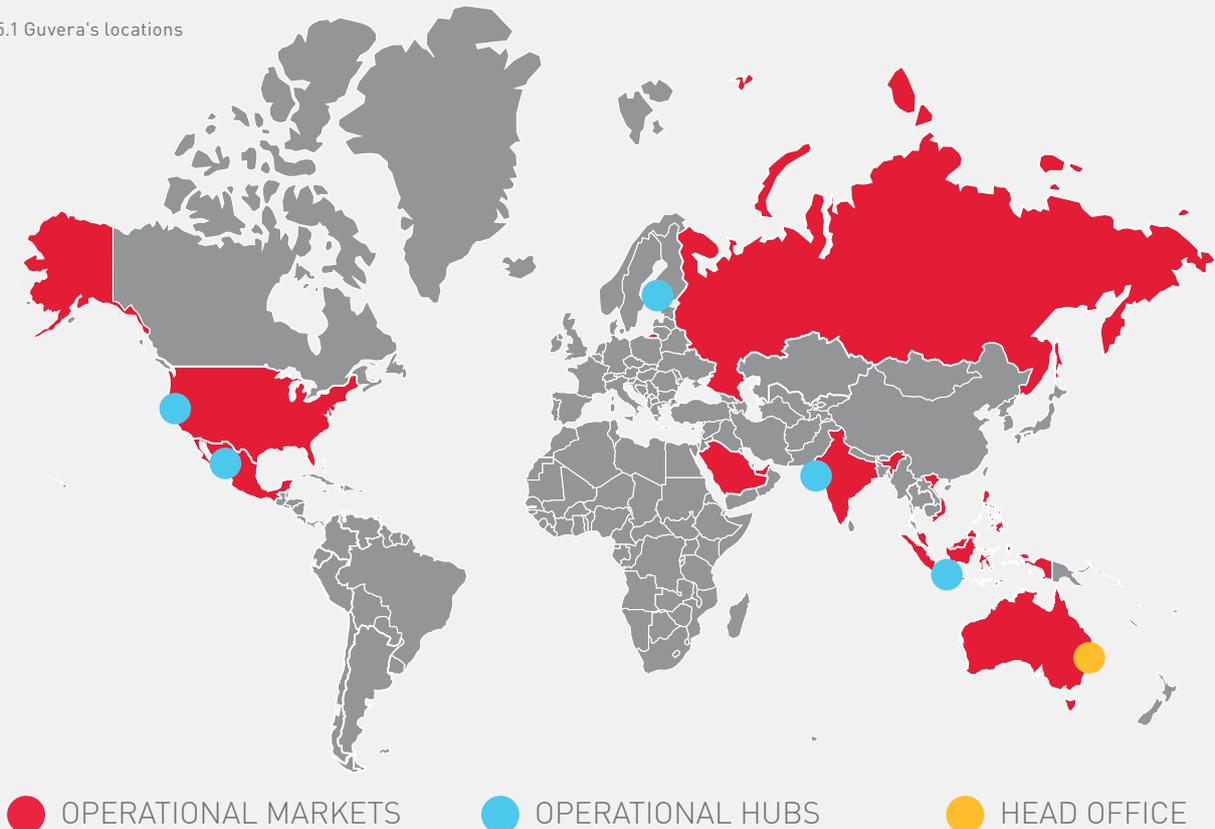
Guvera's business model is designed to provide a targeted online advertising medium for brands to engage a particular audience through a Brand Channel. Brands are then able to target particular segments of Guvera's Users during campaign periods. See **Section 6.2** for examples of some of Guvera's recent successful campaign partnerships with brands. Brands are therefore particularly focused on Guvera's potential audience of Users to whom content can be served, namely those consumers who have registered to use Guvera's services. The Directors believe that brands are also interested in the use of Guvera's platform as a means of engagement with their own consumers and other stakeholders.

The Directors believe that this is an important metric to Guvera and its brand partners, as the focus of the business model is on activation of Users within the context of a brand campaign or a series of brand campaigns, rather than frequency of activity in and of itself. The Directors believe that this is a critical point of distinction between Guvera and subscription-based music streaming services where frequency of activity is the key driver of subscriptions and revenue.

Guvera aligned its User and brand strategy with the following seven critical success factors:

1. User acquisition
2. User activation
3. User retention
4. Advertising impressions
5. Brand Channel sales
6. Brand Channel activation
7. Brand Channel retention

Exhibit 5.1 Guvera's locations



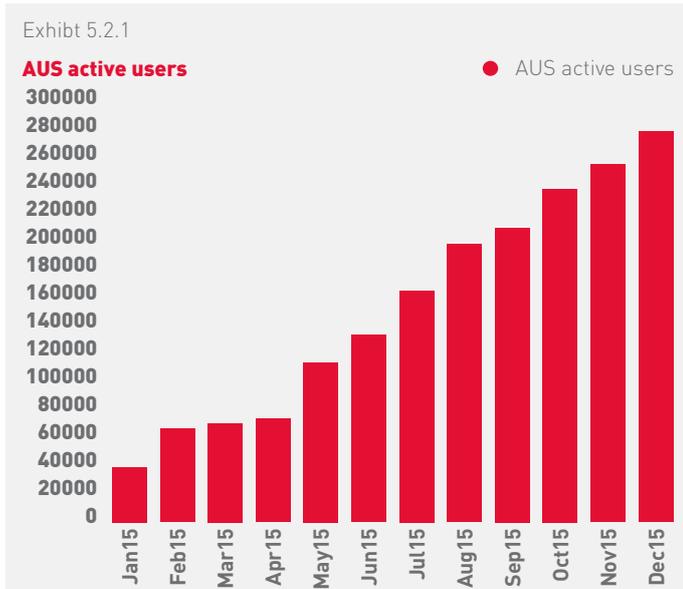
5. GUVERA MARKETS STRATEGY

The Guvera Australia team implemented, monitored and reported on the results of various initiatives that included brand awareness, brand partnerships, digital acquisition, activation and retention tactics. These tactics are detailed in **Section 5.2.1** below.

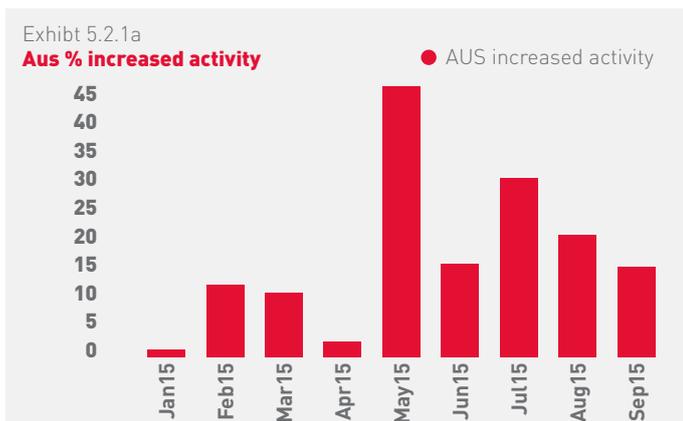
These initiatives contributed to the pilot producing the highest result for usage (measured by percentage of monthly Users), number of Users accessing the platform each month and number of days used (user interactions with the platform on a daily basis) in comparison to other markets that Guvera operated within.

5.2.1 Increase in Users

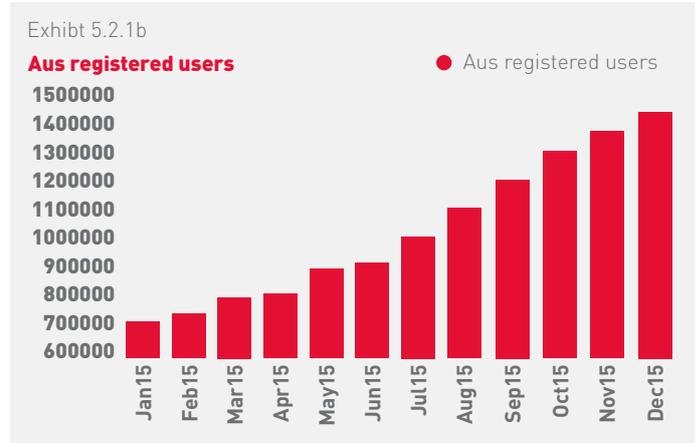
Guvera Australia's Users increased every month from January to December during 2015, as shown in Exhibit 5.2.1.



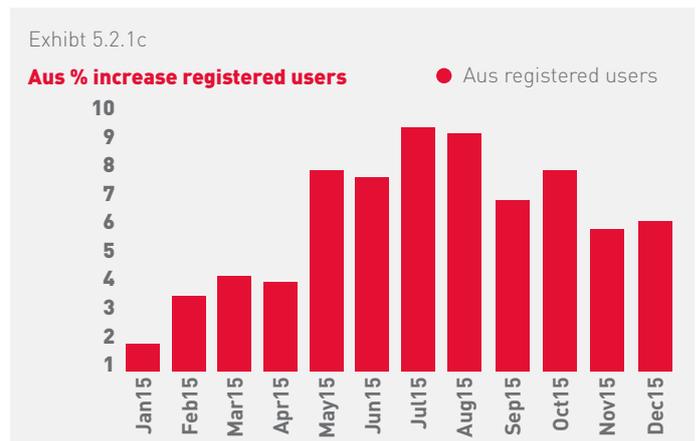
There was a positive increase in Australian Users who streamed music every single month in 2015. As shown in the following Exhibit 5.2.1a, the percentage increase for any given month is based on the increase from the previous month.



Users increased significantly in the same time period. Over the course of 2015, the total number of Users of Guvera Australia has almost doubled, as shown in Exhibit 5.2.1b.



There was an increase in Users every month, with some months recording close to 10% growth, especially during the second half of 2015, as shown in Exhibit 5.2.1c.



5.2.2 User acquisition

Guvera's strategy in Australia has been to adopt a cross section of acquisition campaigns that have been designed to increase awareness of Guvera's brand and service in the marketplace and to attract quality Users to Guvera's platform.

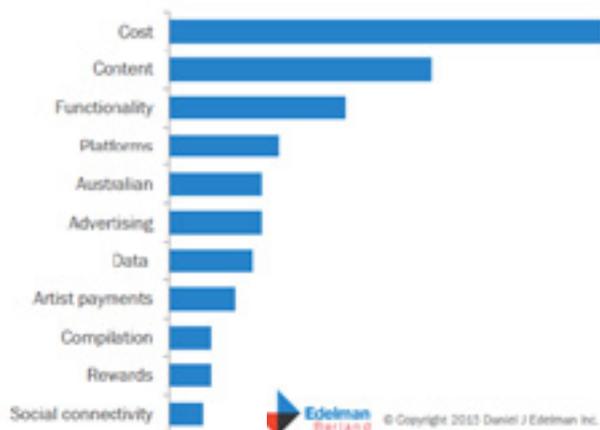
- **Social campaigns:** Social media platforms including Facebook, YouTube, Instagram, Snapchat and Twitter are utilised by Guvera's marketing teams to engage Users by presenting music news and trending content and the promotion of competitions. All content has the primary objective of encouraging Users into the Guvera app to stream content. LinkedIn is utilised to promote the Company in a commercial context and to stimulate brand interest.
- Through to 2015, Guvera Australia has continued to communicate with current Users of Guvera's brand-funded and subscription services its key message around accessing new music at no cost. The fundamental communiqué, "stream the latest music", is conveyed through promoting new release albums and tracks.

The imagery used in these campaigns reinforces the fact that Guvera has access to most of the newest music and to music from many of the world's biggest artists that's readily available to be streamed.

5. GUVERA MARKETS STRATEGY

According to independent brand tracking research completed in 2015 by Edelman Berland, the top drivers of consumers' choice of music streaming service, and their relative importance, are:

Exhibit 5.2.2



- **Digital campaigns:** During 2015, Guvera expanded its digital footprint and employed a number of different targeting methodologies and networks to serve Guvera advertisements. Between the months of May and December 2015, Guvera ran three to four separate digital campaigns at any given time, alongside its social awareness and traditional media campaigns. These advertisements were targeted and monitored daily so they could be optimised to ensure Guvera's targets were met.
- **Awareness campaigns:** In addition to Guvera's campaigns that encourage app downloads, Guvera also undertakes brand awareness campaigns that reinforce Guvera's brand attributes and key benefits.

During 2015, Guvera implemented outdoor campaigns as well as national subscription television advertising that focused on both the acquisition of Users and brand awareness.

Guvera also trialled cinema advertising with the same advertisements showing in selected cinemas in Sydney, Melbourne and Brisbane.

Additionally, Guvera also had its first-ever product placement in the 2015 Australian film UNindian, starring a famous former Australian cricketer. Guvera reinforced this association by selling a Brand Channel to the production team, including the Bollywood themed soundtrack and playlists.

Exhibit 5.2.2a UNindian image



- **Sponsorships:** Throughout 2015, Guvera was committed to supporting the Australian music industry and to this end has sponsored key events that were likely to attract large-scale audiences.

The Voice was one of the most-watched TV programmes during its timeslot from July 2015 to September 2015, with more than 1.5 million Australian viewers tuning in for every episode. As a result of this partnership, Guvera secured two 30-second advertisement spots per show and was able to generate approximately 30 pieces of positive public relations over the course of the project lifecycle.

At a grassroots level, Guvera has also supported the emerging band Little Sea on their national tour.

5.2.3 Increasing app ranking

In 2015, the Company found that in its experience, the more acquisition and awareness work undertaken by Guvera, the higher the Guvera app ranks in app charts. This means Guvera is downloaded more often, and the Guvera app is thereby pushed towards the top of the app charts.

5.2.4 Brand marketing and integration

Guvera Australia signed agreements with key brands that were featured on the Guvera platform. Some of these brands have a footprint both in Australia and internationally. Some of the brands that Guvera has had agreements with in the past, or presently has agreements with, include:

- Virgin Mobile
- American Express (AMEX)
- Tennis Australia
- *The Voice*, Australia
- TFE Hotels (Vibe Hotels)
- Victoria Racing Club
- Goodlife Health Clubs
- Convoy
- Boost Tel
- NightOwl
- Mercedes-Benz Fashion Week
- Good Life festival
- Mooney Valley Racing Club
- Dan Murphy's
- Melbourne Polytechnic
- Sage Institute
- Illumini Run

When partnering with a brand, Guvera seeks to deliver campaigns that are fully integrated into a Brand Channel on the Guvera platform.

Guvera has been active in co-marketing Brand Channels through a number of different touch points, thereby driving traffic to a brand's Brand Channel. Examples of Guvera's co-marketing campaigns include:

- **Television commercials (TVCs) on free-to-air and national subscription TV:** Guvera has advertised on free to air and national subscription television channels to highlight brands on the Guvera platform. For example, in November 2015, Guvera scheduled separate commercials to highlight four different brands during the month.
- **Social posts supporting the brand:** When Guvera partners with a brand, Guvera seeks to use social media to drive Users to a brand's playlist, competition or promotion within a brand's Brand Channel.
- **Electronic Direct Mail (EDM) inclusions:** Guvera sends regular emails to its Users that highlight offers available to them through the brands.
- **Playlists:** To date, more than 80,000 Users have followed brand playlists on the Guvera platform. Brands have the ability to create their own brand playlists with the assistance of Guvera's expert music curators to be featured on the Guvera platform.

5. GUVERA MARKETS STRATEGY

Guvera intends to leverage its existing relationships and attract new Users by marketing directly to Guvera's brand partners' databases. An example of a co-marketing campaign is detailed below:

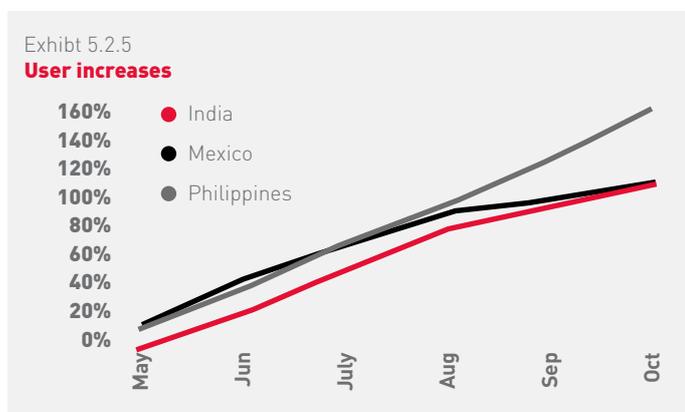
Guvera was the official music streaming partner for The Australian Open in January 2016. Over the course of the tournament, Guvera attracted many new Users to the platform and peaked at number three in the iOS App Store rankings in the final weekend of the tournament. Guvera showcased 16 playlists created by some of the biggest names in international tennis. Guvera was promoted at the tournament on LED screens at the three main show courts, including Rod Laver Arena. In addition, Guvera had roving ambassadors engaging with fans throughout the whole tournament, handing out Guvera branded merchandise as well as having the Guvera 30-second TV advertisements playing on big public screens. Guvera has a two-year contract (2016 and 2017) with Tennis Australia and planning is already underway to further leverage this opportunity for the 2017 tournament.

5.2.5 Retention and increasing usage

Guvera's strategy for retaining its Users and increasing the time Users spend on the platform comes down to four core activities:

- **Educating Users on platform benefits and changes:** Guvera aims to keep Users updated and informed of any changes or new features offered on the Guvera platform.
- **Rewarding and recognising high-end Users:** Guvera intends to expand its User rewards programme. For example, in October 2015, Australia's top 50 registered streamers on Guvera were eligible to receive a custom-made pair of Sol Republic headphones.
- **Providing tailored content:** Each individual User on the Guvera platform has a tailored profile that is refined over the duration of the User's time on the service. This 'taste profile' allows Guvera to customise the User's experience, tailoring appropriate content for the User. For example, Guvera is able to send specific Users a Push Notification about a new release song.
- **Maximising opportunities:** Guvera integrates content across its platforms, which the Directors believe will maximise opportunities and provide a point of difference which aids in the acquisition, activation and retention of Users. For example, House of Guvera offers the curation of original content to create a more engaging experience for Users. In December 2015, Guvera Live presented "Jessie J, Live in Los Angeles" – an intimate performance at House of Guvera.

Between May 2015 and October 2015, Guvera used its results from the pilot to test User acquisition strategies in select emerging markets with Users increasing between 98% and 137% in those markets, see Exhibit 5.2.5 below. The results demonstrated that similar techniques may be successfully deployed in different territories and across widely disparate music genres.



Guvera believes that the strategies piloted in Australia that drove growth in Users in India, Mexico and the Philippines will have the same positive effect for increasing activation and retention of Users in the markets Guvera intends to focus on in 2016 and 2017.

5.3 Focus markets analysis

5.3.1 India



India is the second largest internet enabled market in the world, second only to China. While internet penetration as a percentage of the population is estimated to be only 19%, there is significant potential with the number of internet users expected to grow from 352 million to 560 million users by 2019.

India is the world's second largest mobile phone market, and ranks third in terms of smartphone users. Being the fastest growing smartphone user base in the world, research demonstrates that it should overtake the US in 2016 to become the second largest smartphone user base. It is estimated that there are currently 200 million active smartphone users in India and this number is expected to reach 435 million by 2019. Smartphone users average 162 minutes per day on their phones - 68% higher than the time allocated to watching TV. From 200 million Indian internet users in 2013 to more than 500 million projected by 2017 – including 314 million mobile internet users – mobile internet use in India is increasing. Guvera has been able to capitalise on this through a partnership with Reliance Jio, a telecommunication and digital solutions provider that is providing 4G services on a pan-India level using LTE technology.

In 2014, India downloaded 7% of the total number of app downloads in the world. It is estimated that in 2016, 9 billion apps will be downloaded in India, five times more than in 2012. The Directors therefore consider that Indian consumers are actively engaged with using apps on their smartphones.

In 2015, mobile ads spend was expected to be around 12% of total digital ads spend, and this was expected to grow to around 17% by 2019. In 2013, India was the fastest growing country in the world by mobile advertising volume with an estimated AUD\$100 million spent on mobile ads per year, of which 40% were in-app advertisements and this was expected to grow to AUD\$150 million by 2015. The Directors therefore consider that Indian consumers are experienced with mobile advertising and this is expected to increase in coming years.

Guvera was the first international music streaming platform to enter the AUD\$200 million Indian digital music market. Guvera experienced rapid growth in the number of Users on its platform in 2015, with an increase from 1.7 million Users in January 2015 to 7 million Users in May 2015. This has also led to a significant growth in Guvera's Inventory value, which has grown from 16.2 million Impressions in January 2015 to 55 million Impressions in October 2015.

As India is a data-sensitive region, Guvera's song formats and buffering technology allows Users to save on data while not having to compromise on sound quality. Guvera India's music catalogue as at 20 May 2016 contained more than 25 million songs and draws on licence agreements with both major international labels and local Indian labels such as Hungama. As such, both international chart toppers and local content, such as Bollywood music (which represents 81% of the Indian preferred music content) are available for streaming.

Guvera's distribution in India has been aided by several major partnerships:

5. GUVERA MARKETS STRATEGY

- Guvera has recently signed an agreement with Reliance Jio, which is anticipated to become one of the country's top ten 4G telecom operators;
- Guvera has partnered with TranServ, a leading digital payments firm, to promote Udio, India's first social mobile wallet;
- Guvera has entered into brand partnerships with Tata Motors and homeopathic brand Dr Batras; and
- Guvera partnered with the Indian Premier League (cricket) as the official music streaming partner of the defending IPL Champions, the Mumbai Indians.

5.3.2 Indonesia



Indonesia currently has more than 69 million active smart phone users and it is predicted that by 2018 this number will increase to 103 million. Guvera Indonesia has experienced rapid growth in User numbers and today has more than 1.2 million Users.

Indonesia is one of the world's fastest growing countries in terms of advertising spend worldwide with a 75% year on year increase to 2014. Within Asia Pacific it is also forecast to become the fifth largest country in terms of advertising spend. It is estimated that in 2016, 10% of advertising spend will be allocated to digital channels and by 2019, that will exceed 25%. By 2020, it is predicted that USD\$876.3 million of the total revenue in the digital advertising market will be generated through mobile. Indonesia will then have the highest rates of total digital and mobile internet spend in Asia Pacific. As a result, the Directors believe that introducing the Guvera platform to brands through Brand Channels is well timed to attract the large and increasing advertising spend in Indonesia.

Guvera launched in Indonesia in 2013 in response to the rampant piracy that was a significant concern in the country, with the Indonesian record industry reporting yearly sales losses in excess of USD\$275 million. While piracy continues to be a problem in Indonesia, with 95.7% of music sales estimated to be from pirate websites, Guvera is using grassroots efforts through its university programme to raise awareness of this issue. This is an example of Guvera implementing its core values.

Today, Guvera Indonesia has licensing agreements with international labels as well as directly and indirectly with 80 local labels.

Indonesia has a low credit card penetration rate, which the Directors believe affects the ability of Indonesian Users to readily subscribe to paid subscription services. Guvera circumvents this challenge by having secured music rights for its brand-funded model, along with establishing payment solutions whereby Platinum subscriptions can be purchased using cash at a number of convenience stores, using an e-wallet, a telecommunication airtime balance or via a bank transfer.

Guvera Indonesia has partnership deals with brands such as leading e-commerce company Tokopedia.

5.3.3 Philippines



For Guvera Philippines, the local music genre, Original Pilipino Music (OPM), tops the charts alongside popular international music. Accordingly, Guvera Philippines offers a selection of both local and global music on its platform. Guvera also supports local artists and partnered with Ivory Music in September 2015. Ivory Music is the exclusive licensee and distributor of Sony music products in the Philippines. This partnership saw the launch of a popular concert series featuring the band Silent Sanctuary who performed shows in SuperMalls in and around the Philippine capital, Manila. The direct result of this partnership saw Guvera Philippines' User base increase from 844,000 to more than 1 million.

Partnerships such as these also ensure Guvera Philippines' User base is active in the app. In fact, the number of Users in the Philippines is greater than in any other Asia Pacific country that Guvera operates in. Approximately 24% of Guvera Philippine's Users are active in the app each month.

Smartphone use in the Philippines is expected to rise to 70% of its 100 million-strong population by 2018, stimulated by the wider use of high-speed internet services both in urban and rural areas. In terms of mobile advertising, the demand for mobile video is higher in the Philippines than in any other Southeast Asian country, also exceeding the global standard. This links in well with the most popular types of mobile content Filipinos consume, chiefly social networking and entertainment.



Silent Sanctuary.

5. GUVERA MARKETS STRATEGY

5.3.4 Saudi Arabia



In Saudi Arabia, Guvera's market penetration has witnessed exponential growth, with Users rising from 17,521 in February 2015 to more than 290,000 as of April 2016, representing a 1,522% increase. This has corresponded with significant growth in Guvera Saudi Arabia's Inventory value, which in the same period grew from 187,155 Impressions to 1,499,998 Impressions, representing an Inventory value increase of 701%.

Saudi Arabia's population is one of the youngest in the world, with roughly 50% of the population below the age of 26 years. The Kingdom's population is growing at a rate of about 2.3%, which is greater than the MENA region as a whole and is also higher compared to emerging countries such as Brazil, China and India.

With mobile penetration reaching 187.5%, the Directors believe that Guvera's brand-funded model in Saudi Arabia is well suited to a youth-based population that has already demonstrated strong interest in new mobile services: 54% of smartphone Users aged 16-24 are interested in social discovery services, while 49% of 30- to 39-year-olds are interested in music streaming services.

Furthermore, revenue in the digital advertising market in Saudi Arabia is expected to reach USD\$1,375.5 million in 2016. Coupled with the expectation that by 2020 USD\$616.4 million of total revenue in the digital advertising market will be generated by mobile, the Directors believe that there is strong potential to monetise brands in Saudi Arabia.

5.3.5 United Arab Emirates



The United Arab Emirates (UAE) currently has one of the highest smartphone penetration rate in the Middle East region at 78%. This increases to 81% for mobile phone owners between 16 and 34 years of age, which corresponds with the majority demographic of Guvera UAE Users of which 73% are under 35 years. Furthermore, the penetration of online streaming in the UAE is 54%.

Such data supports Guvera UAE's rapid User uptake - Guvera had more than 52,000 registered Users at the hard launch in August 2015 which increased to more than 110,000 registered Users in February 2016. Guvera's statistics confirm that during this seven-month period, the number of streamed tracks increased from 115,813 in August 2015 to 203,531 in February 2016, as well that Impressions increased from 956,000 in August 2015 to more than 2,750,000 in February 2016.

The Directors expect that the UAE's copyright laws will further encourage Users to a brand-funded platform that offers free and legal access to a catalogue of local and international music of more than 3.1 million tracks. The Directors believe that Guvera's brand-funded model is supported by mobile advertising data in the Middle East. Research suggests advertising will increase at a rate of 40% to 50% annually, with the expected spend for online advertising in the Middle East to reach USD\$2.8 billion in 2016.

5.3.6 Vietnam



Vietnam represents one of the world's fastest-growing countries in terms of digital development, with the popularity of the internet rising rapidly, and internet Users under 35 years of age spending upwards of two hours a day engaging with content via their mobile devices.

The Directors believe that these statistics, combined with a lack of other competitive streaming services active in Vietnam, presented Guvera with an opportunity to establish an initial advantage in Vietnam.

Vietnam has a high level of connectivity and the Vietnamese market is rampant with piracy. Guvera has, since launching into Vietnam, worked to position itself as a legal and free music service alternative. Since entering the market, Guvera has worked with a number of popular artists including Suboi, and others who have acted as brand ambassadors to help promote Guvera, and with labels such as Orchard, Believe, CDBaby and INgrooves to populate an extensive music catalogue of 34.5 million local and international tracks, particularly local Hip-Hop, Pop and Electronic Dance Music tracks, which are popular among Vietnamese youth.

Guvera Vietnam caters to its Users in local language. In 2015, local music experts B-side were engaged as an on-ground team to help facilitate local conversations with artists, media and brands, provide translations, assist with social platform content and User engagement and work with the regional Asia team based in Singapore to advise on curation, local preferences for music, cultural anomalies that should be catered for and opportunities that could be taken advantage of.

In just under 12 months, close to 350,000 Users have registered on the Guvera Vietnam platform. Guvera Vietnam continues to deliver locally relevant and exclusive content to its Users, which the Directors believe will optimise the first-to-market advantage that Guvera possesses in Vietnam.

The potential for brand monetisation in Vietnam is supported by research that indicates mobile is the top channel for media, surpassing TV and traditional online mediums. 67% of the respondents from a 2015 study in Vietnam said that they have started to rely on mobile advertisements to discover new products and that 94% of them are planning to spend money on an activity via mobile in the next three months. With the ability to browse and shop for products on the Guvera platform, the Directors believe its Vietnamese Users are primed for brand interest. The same study also revealed that mobile web Users in Vietnam are more receptive to mobile advertising than ever before and that for them, the top requirements to encourage interaction with the brand is relevant content and personalisation - precisely the type of features Guvera's product update, Guvera 3.0, provides Users.

5. GÜVERA MARKETS STRATEGY

5.3.7 Australia

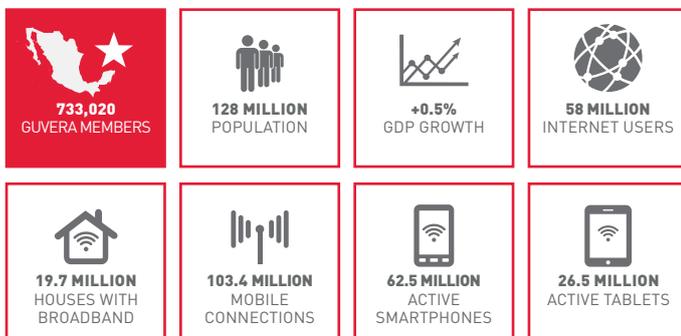


Australia will continue to serve as a pilot and test market for Guvera as it provides an opportunity to develop enhancements and new initiatives to its services and platforms from its Gold Coast headquarters, while testing these in the small but sophisticated Australian market. Guvera intends for these results to be closely monitored, analysed and refined for potential replication in Guvera's focus markets outside of Australia.

Guvera Australia's platform has historically been a combination of Play, Play+ and Platinum (refer to **Section 4.1.2**) with the vast majority of Users using the Play+ free tier service, which allowed them to have access to on-demand streaming with advertising.

Guvera intends to become more involved in the Australian music industry by focusing on music festivals and sponsorships. For example, in February 2016, Guvera co-hosted the Good Life Music Festival, which catered to 13-to 17-year-olds and showcased popular chart-topping artists.

5.3.8 Mexico



Mexico is a key emerging market for Guvera as more than 40% of Mexico's population has access to the Internet, including more than 62 million active smartphone users. According to market research, digital advertising spend in Mexico in 2015 was expected to reach USD\$1.2 billion, a third of which was expected to come from mobile advertising.

In 2015, Guvera Mexico secured advertising partnerships with brands including Toyota, HP and one of the largest advertisers in Latin America, the Mexican Council of Tourism Promotion.

At the Prospectus Date there were more than 700,000 Users in Mexico and Guvera has been pleased with the press it has received in the local media. Over the next 12 months, Guvera Mexico intends to embark on large-scale commercial projects such as entertainment events, now that Guvera's name is recognised in the music industry.

5.3.9 Russia



Geographically, Russia is the largest country in the world and it is the ninth most populated. It is also ranked as one of the most prevalent piracy markets in the world. On average, Russian citizens each spend USD\$0.50 each on music per year. The anti-piracy laws that came into force on 1 May 2015 are expected to close down all pirate sites and increase the demand for access to legal music.

Since Guvera Russia's launch in November 2014, User numbers have been growing steadily. Within two months of launching, Guvera acquired more than 25,000 Users and as of May 2016 had reached more than 1,000,000 Users.

Local music content accounts for 60-80% of all music consumed in Russia and Guvera Russia accommodates this preference by offering locally curated content. This localised content strategy is combined with brands such as Harman Russia.

In August 2015, Guvera partnered with V-ROX, a three-day music festival in Vladivostok, Russia. This partnership led to more than 200,000 new Users joining Guvera Russia during the month following V-ROX, and highlighted Guvera's commitment to supporting emerging musicians. For example, House of Guvera attended the event and helped promote Vietnamese rapper Suboi.

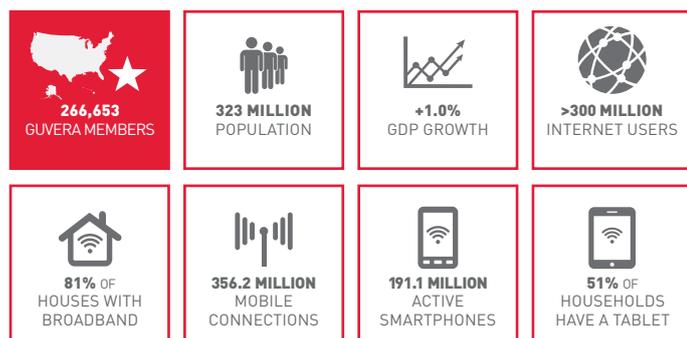
In 2016, Guvera Russia will continue to work with brands popular among Russian Users to elevate Guvera's presence in the Russian music industry.



Suboi on stage at the V-ROX Festival

5. GUVERA MARKETS STRATEGY

5.3.10 United States



Guvera has been operational in the US since 2008 but up until this point the US market has not been a focus for the Company, whose main drive has been towards emerging markets.

The Directors have decided to now focus on the US market as it represents a consistently growing mobile advertising market. This is reflected by a leading social media company's fourth quarter 2015 results, which showed that 80% of their USD\$5.6 billion advertising revenue came from mobile advertising. Guvera believes that its ability to provide highly engaging mobile advertising in a native format through its Brand Channels is not offered by any other major music streaming company in the US market.

Research also indicates that of the US population 93% (approximately 323 million people) listen to music, while another study showed that less than 10% of the US population are willing to pay for music.

Industry research has found that music streaming revenue in the US reached more than USD\$2 billion in 2015 and became the largest driver for music revenue, trumping digital downloads, physical sales and synchronisation rights. While both digital downloads and physical sales experienced declines in revenue during 2014 and 2015, on-demand, brand-funded music streaming services in the US recorded an increase of more than 30% in revenue during the same time period.

The Directors believe that music industry event participation is another area of opportunity for Guvera in the US, particularly in order to raise brand awareness. On 7 December 2015, Guvera Live presented an intimate performance by Jessie J at the House of Guvera in Downtown LA.

Guvera also attended San Francisco MusicTech on 10 November 2015, where Guvera's Chief Technology Officer, Damien King, spoke on a panel. Guvera intends to participate in similar future events in order to maximise the opportunity they present in terms of reach and recognition.

The US is a market that Guvera is seeking to expand in, due to the rising demand for streaming, high consumption of WiFi and broadband and the high rates of smartphone and tablet penetration use.

5.4 House of Guvera (HoG)

As part of the Guvera US expansion, Guvera's Directors intend to focus on House of Guvera (HoG) which is Guvera's creative content arm that consists of a live music venue, a music recording studio and a video production house that is located in the Arts District of Downtown Los Angeles.

The events space is used by established and emerging artists and musicians as well as brand partners, and facilitates writers, filmmakers, photographers, artists, story tellers and event organisers who produce live music shows, video content, photos, articles and stories. The Directors believe that through this collaboration, the entertainment of live music is brought to life.

The material produced by HoG provides a library of material that can be used by Guvera on its entertainment platform.

The HoG library has 59 films, 239 photo/written/playlist stories and 13 podcasts with new content added regularly.

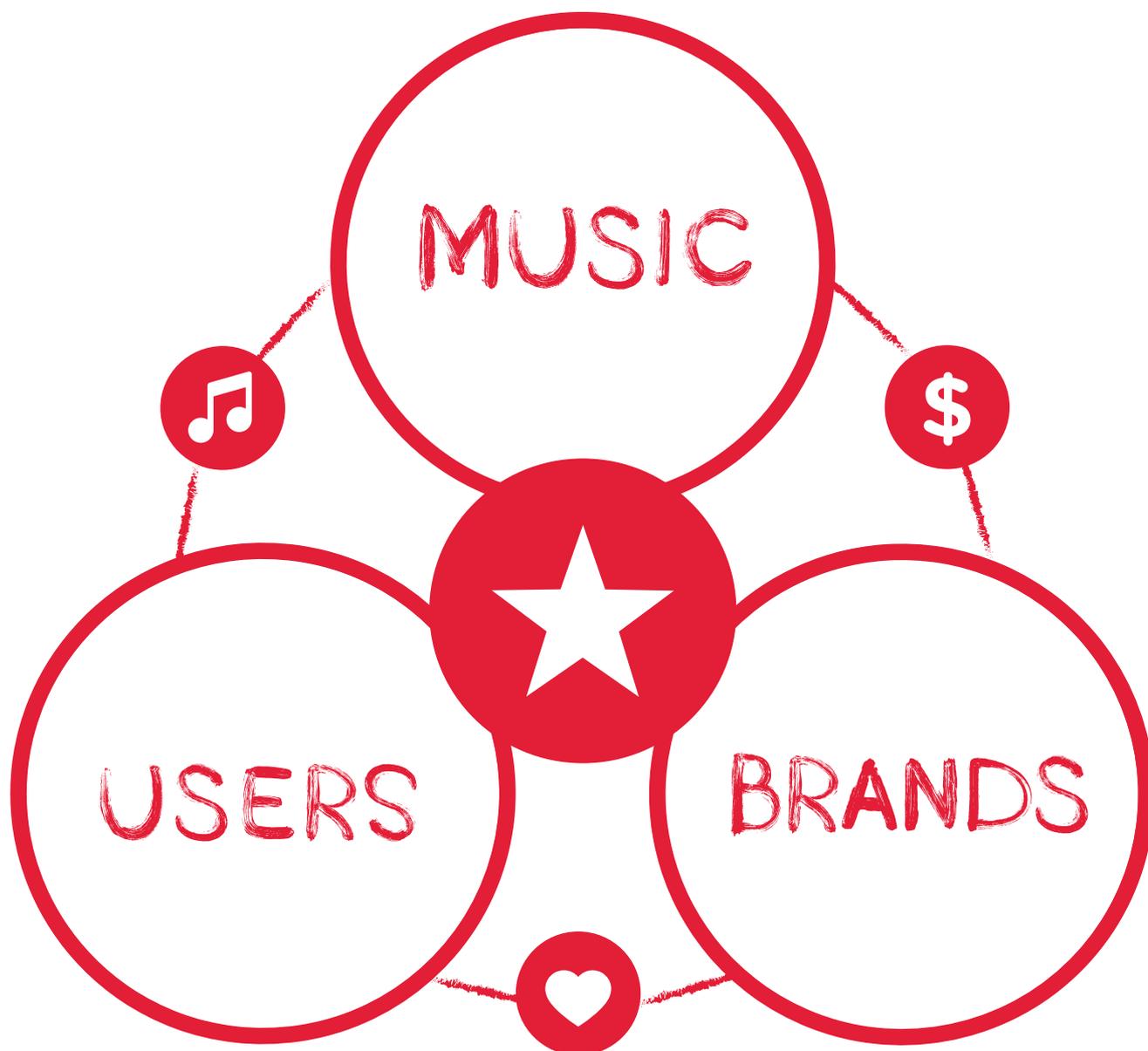


6. CASE STUDIES

6. CASE STUDIES

6.1 Music, brands and Users

In 2015, Guvera had several successful campaigns, some of which are outlined in the following section.



The Directors believe that Guvera's branded entertainment model utilises music to drive Users to its mobile advertising platform. Users engage with music and consume branded content for which the brands pay Guvera, and in turn, Guvera pays the music labels and publishers.

6. CASE STUDIES

6.2 Case Studies

6.2.1 Virgin Mobile One Big Gig



COUNTRY: AUSTRALIA CATEGORY: TELCO

Challenge

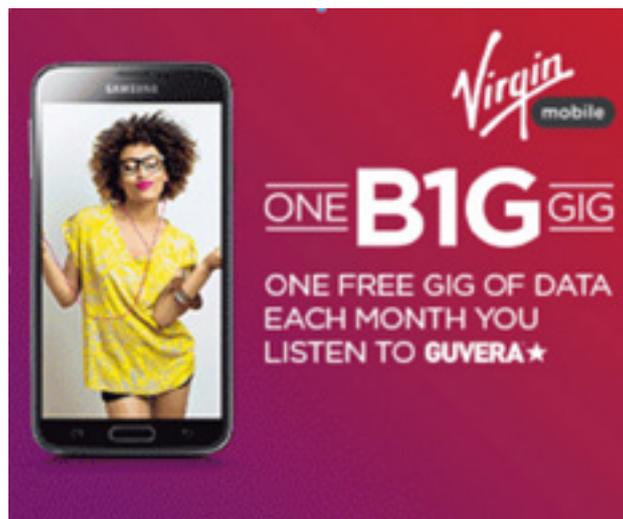
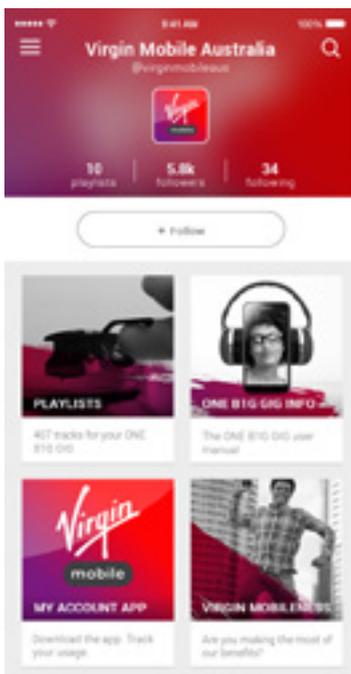
In a highly competitive market, Virgin Mobile needed to create a value proposition to attract new customers and reward their loyal community. Virgin Mobile's market research into consumer wants showed that their customers sought free music with low data penalties.

Solution

Guvera partnered with Virgin Mobile to offer Virgin Mobile customers the ability to listen to 1GB of music streamed through Guvera's platform for free. Guvera's technology platform has the capacity to distinguish between Virgin Mobile customers and potential new Users, to enable tailored messaging in line with Virgin Mobile's overall campaign, in addition to target advertisements to either reward current Users or entice new Virgin Mobile music customers.

Result

- Virgin Mobile playlists were streamed the longest at 1,437,395 minutes, which was the highest stream duration of all brands on Guvera Australia's platform.
- Their average session duration was 49.34 minutes, which was also the longest of all brands Guvera Australia's platform.
- Virgin Mobile had the highest track play count of all brands on Guvera Australia's platform during this period with 430,475 track plays.
- 29,132 unique new Users streamed the Virgin Mobile playlists across the campaign period, which was the second highest of all brands on Guvera Australia's platform. The Virgin Mobile Brand Channel has close to 10,000 followers.



EDM and Push Notifications

Display Campaign

Brand Channel

Cross-Promotion Marketing

6. CASE STUDIES

6.2.2. Good Life Festival



COUNTRY: AUSTRALIA **CATEGORY:** ENTERTAINMENT

Challenge

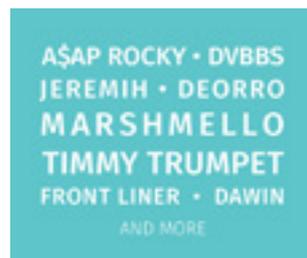
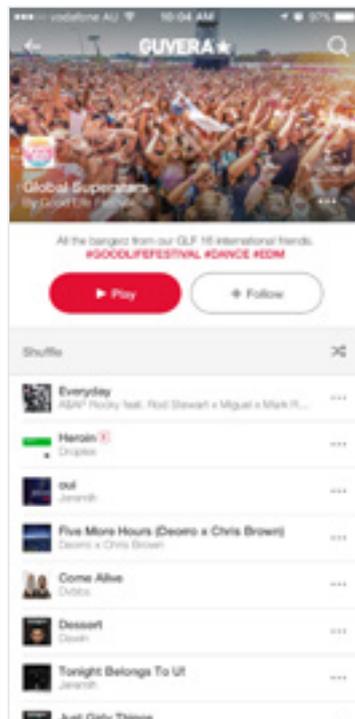
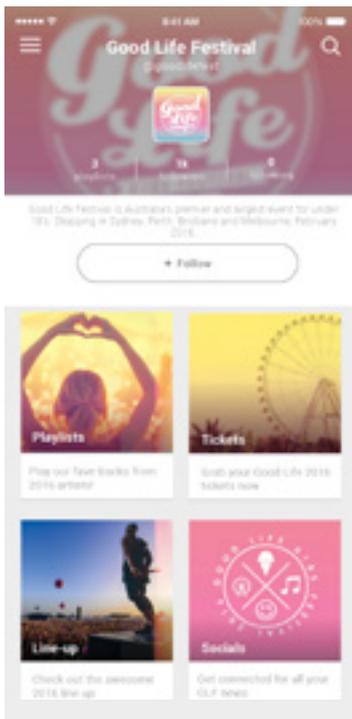
Good Life wished to increase their digital reach to high school students (13 - 17 year olds) through methods such as music streaming and social media.

Solution

Guvera used the strength of its music library to promote the Good Life Festival. The Good Life Festival Brand Channel included tailored playlists pitched to increase enthusiasm for the artists playing at the festival and provided Users the opportunity to purchase tickets online through the platform.

Result

The Brand Channel had 93,996 visits during the festival and the Good Life Festival 'hero' Native Ad had a Click Through Rate (CTR) of 2.25%, the highest ranking ad on the Guvera Australia platform during this period.



EDM and Push Notifications

Display Campaign

Brand Channel

Cross-Promotion Marketing



7. STRATEGIC PARTNERSHIPS

7. STRATEGIC PARTNERSHIPS

The Directors believe that establishing partnerships at a global, regional and country level is an important strategy that will continue to assist Guvera to further enhance brand awareness and aid User acquisition. The Directors believe that Guvera's ability to provide free access to music across 10 markets internationally is an attractive proposition for brands and that Guvera's brand-funded model will enable brands to offer services to, or reward, their existing customers or to acquire new customers. As outlined previously in **Section 5**, the brand partnerships that form Guvera's core model generate opportunities for Guvera to promote Guvera's brand and acquire new Users via collaborative campaigns, promotions and communications.

In addition to brand partnerships, Guvera has partnered with Original Equipment Manufacturers (OEM) and telecommunication partners.

7.1 OEM partners

In September 2015, Guvera signed an agreement with wireless distribution company Brightstar, which is based in Miami, Florida, for User acquisition. This agreement allows Guvera to be promoted and recommended by Brightstar to prospective customers. Brightstar has partnered with 200 telecommunication companies around the globe, as well as major US retailers including Best Buy and Walmart. It has also partnered with Apple, Samsung, HTC and other handset manufacturers for both the distribution of new devices and the refurbishment of second-hand devices; Brightstar is, in fact, the world's number one specialised wireless distributor, which provides Guvera with access to a wider global market.



7.2 Telecommunication partners

Guvera has partnered with a number of telecommunication providers, such as Virgin Mobile in Australia, and Reliance Jio in India.

7.2.1 Australia

In a highly competitive market, Virgin Mobile sought to create a proposition to attract new customers and reward their existing customers. In collaboration with Guvera, Virgin Mobile rewarded existing Virgin Mobile customers by offering those customers 1GB of free mobile data to listen to music streamed through Guvera's platform. Virgin Mobile promoted this offering to its customers through television commercials, in-store point-of-sale advertising and an extensive public relations campaign that leveraged a well-known beatbox artist, and in doing so, enhanced Guvera's brand awareness. The Directors believe that Virgin Mobile's integrated marketing campaign has been a significant acquisition driver for Guvera.



7.2.2 India

Guvera has signed an agreement with Reliance Jio, a telecommunications and digital solutions provider.

A photograph of a concert or festival. In the foreground, several pairs of hands are raised, forming a heart shape. The background is filled with bright, warm stage lights, creating a hazy, atmospheric effect. The overall color palette is dominated by warm tones like orange, yellow, and red.

8. MUSIC RIGHTS AND INTELLECTUAL PROPERTY

8. MUSIC RIGHTS AND INTELLECTUAL PROPERTY

8.1 Music rights

The Directors consider music labels and publishing societies as critical to Guvera's continued operation as a business and to operate in any given territory, Guvera must first obtain publishing rights from the relevant local societies to enable Guvera to legally stream music in that territory. As such, the Directors believe that Guvera's relationships with these music labels and publishing societies are of paramount importance.

Guvera has dedicated extensive internal and external resources, many of which have specific experience in the music industry, to negotiate, maintain and enhance Guvera's commercial relationships with these rights bodies.

Guvera has secured music rights with more than 80 music labels, aggregators and rights bodies around the world, providing Guvera with the rights to access approximately 60,000 local and independent labels and stream, by licence and depending on the territory, more than 30 million songs. The Directors believe that Guvera is one of only a few global music streaming companies to have entered into agreements with so many of the world's largest music labels and numerous independent, local labels and aggregators.

In 2014, Universal Music Group, Sony Music Entertainment and Warner Music Group collectively accounted for 73.3% of the global market share for music album sales, with independent music labels accounting for most of the remainder of the global market.

In Australia, the Directors believe it offers the only patented platform that enables Users to access a comprehensive, on-demand streaming service that is funded by advertising, and therefore free of charge to the User.

Guvera works to ensure that the music on offer to Users is both extensive and diverse.

Guvera is also focused on providing a tailored music offering to Users in the markets identified in **Section 5.1**, in which Guvera operates and intends to operate in the future. As such, Guvera continues to work on securing additional licensing agreements with local music labels and rights bodies around the world, with a particular focus on local labels in the markets in which Guvera operates. For example, India's Hungama, Times Music and Eros International each boast extensive catalogues of Bollywood music and Guvera has entered into agreements with each of these labels in order to tailor its music offering to Indian Users.

Guvera has contractual relationships with the publishing bodies and music labels in the particular markets in which it operates. Typically, these legal license agreements are negotiated at length, and Guvera seeks to commence negotiations with publishing bodies in new territories well in advance of deciding to launch its product offering in those territories.

The concentration of publishing companies varies on a jurisdiction by jurisdictions basis. Some territories, such as Australia, are characterised by few rights bodies with extensive or 'Blanket Rights'. However, a number of other territories, such as Russia, do not have rights bodies with 'Blanket Rights' which means that a new entrant into the territory must enter into agreements with each and every publishing body and music label in that country prior to being able to offer Users that music.

These agreements with music labels and publishers generally contain broad termination rights. Please refer to **Section 10.2.2** for further information about the risk of Guvera being unable to secure licensing agreements with various rights bodies and the effect of a music label or publisher terminating their licence agreements with Guvera.

Guvera is working towards securing enhanced Play rights in other territories. The Directors believe this will allow Guvera to offer a free tier service that has a higher likelihood of attracting and retaining Users and as a result, attracting and retaining brands. For further details about Play+ and Play, please refer to **Section 4.1.2**.

8.2 Partnership with Music Reports Inc.

Since 2013, Guvera has engaged Music Reports Inc., a global technology platform for the administration of copyright transactions, to manage the administration of Guvera's extensive music publishing rights portfolio.

Music Reports works with Guvera to analyse the music publishing rights that Guvera has been granted, to administer licenses for those rights and to manage any compliance required in relation to those licenses, including usage reporting, royalty claims administration and payment settlement. Moreover, in the United States, Music Reports manages Guvera's compliance with the compulsory mechanical license regime under the US Copyright Act.

8.3 Patents, trademarks and domain names

8.3.1 Patents

Guvera relies on a combination of trade secrets, copyrights and patents, as well as contractual protections, to register and protect its intellectual property rights throughout the world.

As at the Prospectus Date, Guvera has eleven granted and nine pending patents across five patent families. Guvera has registered patents in Australia, the United States, Singapore and Japan, with applications pending across various European markets. Guvera's patent portfolio includes:

8. MUSIC RIGHTS AND INTELLECTUAL PROPERTY

1. **An Advertising System and Method** granted in the United States, Australia, Japan and Singapore, and undergoing examination in Canada, and Europe, and awaiting examination in China. This family of patents is directed towards the protection of a unique matching system which allows target Users to access content at no charge provided that a brand advertiser is willing to fund the provision of the content to that User. Content is provided to the User via an 'ad funded' model.

The patents in this family are as follows:

Exhibit 8.3.1		
Patent No.	Status	Effective Period*
Australian Patent No 2009200295	Granted	Effective filing date of 28 January 2009, claims an earliest priority date of 26 September 2008 and will expire 28 January 2029.
United States Patent No 8712845	Granted	Effective filing date 26 March 2009, claims an earliest priority date of 26 September 2008 and will expire on 26 March 2029.
Japanese Patent No 5519678	Granted	Effective filing date 25 September 2009, claims an earliest priority date of 26 September 2008 and will expire on 25 September 2029.
Singapore Patent No 161728	Granted	Effective filing date 25 September 2009, claims an earliest priority date of 26 September 2008 and will expire on 25 September 2029.
United States Patent No 13/642655	Pending	Effective filing date 7 March 2014, claims an earliest priority date of 26 September 2008 and will expire 26 March 2029 assuming the patent is granted.
International Patent Application No PCT/AU2009001284	Pending	Effective filing date 25 September 2009, claims an earliest priority date of 26 September 2008 and will expire 26 March 2029 assuming the patent is granted.
European Patent Application No 09815498.2	Pending	Effective filing date 25 September 2009, claims an earliest priority date of 26 September 2008 and will expire 26 March 2029 assuming the patent is granted.
Canadian Patent Application No 2738569	Pending	Effective filing date 25 September 2009, claims an earliest priority date of 26 September 2008 and will expire 26 March 2029 assuming the patent is granted.
Chinese Patent Application No 200980147401.7	Pending	Effective filing date 25 September 2009, claims an earliest priority date of 26 September 2008 and will expire 26 March 2029 assuming the patent is granted.

* Expiration date assumes that all renewal fees are paid

8. MUSIC RIGHTS AND INTELLECTUAL PROPERTY

2. **A System and Method for Producing and Displaying Content Representing a Brand Persona** has been examined and granted in Australia and Thailand. It is also registered as an innovation patent in Australia, and is under examination in the US. This family of patents is directed towards protection of a unique system allowing brands to present a unique Brand Channel to a consumer with all of the content on the Brand Channel matching the brand persona.

The patents in this family are as follows:

Exhibit 8.3.1a		
Patent No.	Status	Effective Period*
Australian Innovation Patent No 2014101060	Granted and Certified	Effective filing date of 15 December 2010, claims an earliest priority date of 15 December 2009 and will expire 15 December 2018.
Australian Patent Application No 2012247092	Divisional Application Filed	Effective filing date 9 November 2012, claims an earliest priority date of 15 December 2009 and will expire on 15 December 2030.
United States Patent Application No 12/969580	Pending	Effective filing date 15 December 2010, claims an earliest priority date of 15 December 2009 and will expire on 15 December 2030.
International Patent Application No PCT/AU2010/001692	Filed	Effective filing date 23 December 2010, claims an earliest priority date of 15 December 2009.
Taiwanese Patent Application No 99143937	Allowed	Effective filing date 15 December 2010, claims an earliest priority date of 15 December 2009 and will expire on 15 December 2030.

* Expiration date assumes that all renewal fees are paid

3. **A System and Method for Generating a Pool of Matched Content** has been accepted in Australia (grant is expected in June or July 2016), and has been granted in both Taiwan and the USA. This family of patents is directed towards the protection of a unique matching system allowing a small selection of content to be used to locate a larger number of similar content based on the particular characteristics of the small selection. This system matches brand advertising to User consumption and User trends.

The patents in this family are as follows:

Exhibit 8.3.1b		
Patent No.	Status	Effective Period*
United States Patent No 8977633	Granted	Effective filing date 15 December 2010, claims an earliest priority date of 15 December 2009 and will expire on 26 January 2032.
Australian Patent Application No 2012247058	Accepted	Effective filing date 8 November 2012, claims an earliest priority date of 15 December 2009 and will expire on 15 December 2030.
International Patent Application No PCT/AU2010/001690	Filed	Effective filing date 23 December 2010, claims an earliest priority date of 15 December 2009.
Taiwanese Patent Application No 99143937	Allowed	Effective filing date 15 December 2010, claims an earliest priority date of 15 December 2009 and will expire on 15 December 2030.

* Expiration date assumes that all renewal fees are paid

8. MUSIC RIGHTS AND INTELLECTUAL PROPERTY

4. **A Marketing Method and System Utilising Electronic Networking Media** has been filed in Australia, Europe, New Zealand, Russia and the USA, and is awaiting examination in Singapore. This family of patents is directed towards protection of a system allowing a User to earn credits to offset access to electronic content based on the consumer's use of social media.

The patents in this family are as follows:

Exhibit 8.3.1c		
Patent No.	Status	Effective Period*
International Patent Application No PCT/AU2013/001371	Filed	Effective filing date 27 November 2013, claims an earliest priority date of 27 November 2012.

* Expiration date assumes that all renewal fees are paid.

5. **An Internet Radio System** is the subject of an international patent application filed under the Patent Cooperation Treaty giving patent pending rights in approximately 150 countries until 8 January 2017. This provides Guvera with the right to seek further protection for this patent in any of those 150 countries. This family of patents is directed towards protection of a system allowing Users to create and manage a live radio show including real time interaction with Users from their portable device.

The patents in this family are as follows:

Exhibit 8.3.1d		
Patent No.	Status	Effective Period*
International Patent Application No PCT/AU2015/050385	Filed	Effective filing date 8 July 2015, claims an earliest priority date of 8 July 2014.

* Expiration date assumes that all renewal fees are paid

6. **A System and Method for Providing Seamless Transition between Selectably Presentable** media streams is the subject of an Australian provisional patent application giving patent pending rights in approximately 190 countries until 7 March 2017. This provides Guvera with the right to seek further protection for this patent in any of those 190 countries. This family of patents is directed towards protection of a system allowing a seamless transition between two pieces of electronic content to be created so that a consumer does not experience a "dead" period between one song ending and the next song beginning.

The patent portfolio is directed toward protection of a number of software systems which allow Guvera to offer efficient targeting of Users to brand advertisers. This allows enhanced identification and delivery of electronic media to Users reflecting the latest electronic content, trends and User interest.

Whilst the preparation and filing of patent applications preserve the rights to the inventions, once a patent is granted following examination, the patent rights are enforceable against third parties who infringe the copyright of the patented invention.

8.3.2 Trademarks and domain names

Guvera's intellectual property also includes:

1. trademarks across a range of different classes in different jurisdictions, including registered trademarks for the use of the word 'Guvera', as well as Guvera's "white star on a red field" logo; and
2. domain names for various websites in various jurisdictions internationally.

As at the Prospectus Date, Guvera is currently in the process of seeking trademark protection in additional key jurisdictions in which Guvera operates.

A man in a dark suit and hat stands in front of a wall with graffiti. He is looking to the right. The graffiti features a large red triangle and green shapes. The text '9. BOARD AND SENIOR LEADERSHIP TEAM' is overlaid on the image.

9. BOARD AND SENIOR LEADERSHIP TEAM

9. BOARD AND SENIOR LEADERSHIP TEAM

9.1 Board of Directors

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

Exhibit 9.1

Name	Experience
	<p>Phil Quartararo <i>Independent Non-Executive Director and Chairman</i></p> <p>Phil Quartararo was recently appointed as Chairman of the Board on 28 January 2016 and is a member of Guvera's Audit and Risk Management Committee and the Remuneration and Nomination Committee.</p> <p>Affectionately known as Phil Q, he previously sat on the Board of the Grammy Foundation and is highly regarded as an astute manager, a brilliant marketer and an Executive who is passionate about all aspects of the music industry. As a former President of Warner Brothers Records and having been hand-picked by Richard Branson to launch Virgin Records America as President and CEO, Phil brings with him 30 years of experience in the music and recording industry.</p> <p>Phil holds a Bachelor of Science from Syracuse University majoring in advertising, television and radio.</p>
	<p>Darren Herft <i>Executive Director, Chief Executive Officer and Co-Founder</i></p> <p>Darren co-founded Guvera with Claes Loberg and Brad Christiansen in 2008 and on 8 August 2008 was appointed as a Non-Executive Director until June 2014 when he was appointed CEO.</p> <p>Darren has overseen the Company's transition from a small, web-based music download service available in only two countries to a global multi-platform, music streaming and entertainment company. He is responsible for Guvera's strategic planning and oversees the sales team.</p> <p>Darren holds a Bachelor of Business (Accounting) from Griffith University.</p> <p>For further information in relation to the contractual arrangement for the provision of the CEO services, see Section 9.4.1.1. For further information in relation to Guvera's related party arrangements with Darren Herft, see Section 9.5.1.</p>
	<p>Claes Loberg <i>Director of Innovation, President House of Guvera and Co-Founder</i></p> <p>Claes co-founded Guvera with Darren Herft and Brad Christiansen in 2008 and secured its patents before launching Guvera's Australia-based music streaming service in January 2010. Claes was appointed as the Director on 8 August 2008. He is also President of House of Guvera, Guvera's creative content production arm, and is responsible for the innovation, research and development of new products and services.</p> <p>Claes was awarded Ernst & Young's prestigious Entrepreneur of the Year award in Queensland, Australia in the Technology category in 2011 for the development and progress of Guvera Limited. Claes also founded the multi award-winning web development company Hyro Limited in 1995 who serviced clientele around the world including Coca-Cola, American Express, Telstra and CNBC.</p> <p>For further information in respect of Claes' employment agreement with Guvera see Section 9.4.1.2.</p>

9. BOARD AND SENIOR LEADERSHIP TEAM



Brad Christiansen

Co-Founder and Non-Executive Director

Brad was recently appointed to the Board on 25 May 2016. He is the Chairman of Guvera's Remuneration and Nomination Committee and is a member of the Audit and Risk Management Committee.

Brad co-founded Guvera alongside Claes Loberg and Darren Herft in 2008 and was an Executive Director until 2012.

Brad has a diverse background in mathematics and computing, actuarial, IT, and product and marketing areas within the financial services industry. Brad previously held roles with New Zealand-based Tower Life, where he was responsible for new product development including marketing, system build and sales support, as senior product manager with Royal and Sun Alliance and several roles at Suncorp. Brad led the delivery of a number of projects at Suncorp including distribution commission system developments, strategy and budget negotiations, implementation of retail product distribution through branches, econometric modelling for strategic changes within the Wealth Management business (Life company), benchmarking distribution channels, and leading design teams to enhance and redesign customer experiences.

Brad holds an Executive MBA (International), a Bachelor of Applied Science majoring in Mathematics (Hons) and a Bachelor of Applied Science majoring in Mathematics and Computing, and is a member of the Australian Institute of Company Directors (MAICD).

Brad is currently providing services to Guvera. For further information in respect of this arrangement, see **Section 9.5.3**.



Steven Porch

Non-Executive Director

Steven was appointed to the Board on 25 February 2015. He is the Chairman of Guvera's Audit and Risk Management Committee and is a member of the Remuneration and Nomination Committee.

Steven is also the Head of Investment and Strategy at a family investment company which focuses on investments and public and private placements for start-ups. Steven is also responsible for the management of a portfolio of commercial and retail properties.

Steven holds a Bachelor of Business (Accounting and Economics) from Monash University.

Guvera currently has loan arrangements in place with entities related to Steven. For further information see **Section 9.5.2**.

Guvera intends to appoint two independent Non-Executive Directors to the Board within 12 months. The Underwriting Agreement grants AMMA the right to nominate one suitable Director to the Board at any time before 30 June 2023, see **Section 9.5** for further details.

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

Except as set out below, no Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12-month period after the ceased to be an officer.

Phil Quartararo was a director of Blinkbox Music Limited within 12 months of the time that it entered external administration, on 11 June 2015.

Darren Herft and Brad Christiansen were directors of Guvera UK Limited (now named BB Music Holdings Limited) at the time that it entered into external administration on 29 June 2015.

The other Directors do not believe that the above matters are material to or indicative of future performance of Mr Quartararo, Mr Herft or Mr Christiansen's duties as a Director of Guvera or the future performance or prospects of Guvera.

9. BOARD AND SENIOR LEADERSHIP TEAM

9.2 Senior leadership team

Professional profiles of Guvera's senior leadership team are set out in this section. Further information on arrangements and interests of key management, being Darren Herft, Claes Loberg and Ken Hostland, see **Section 9.4.1** and **9.4.2**. General information in respect of the employment agreements of the rest of the senior leadership team is set out in **Section 9.4.8**.

Exhibit 9.2

Name	Experience
	<p>Ken Hostland <i>Chief Operating Officer, Chief Financial Officer and Company Secretary</i></p> <p>Ken oversees the global operations of Guvera including finance, legal, HR, marketing, operations, product development and technology and is the Secretary to the Board and its Committees.</p> <p>Ken brings 30 years of experience as a senior finance executive with publicly listed companies including National Australia Bank Ltd and AMP Limited. Ken has extensive experience in finance, capital management, risk management, mergers and acquisitions, strategic planning, operations, corporate governance and domestic and international tax.</p> <p>Ken is a Chartered Professional Accountant from Canada with an MBA from Macquarie University and a Bachelor of Commerce from University of Alberta, Canada.</p>
	<p>Damien King <i>Chief Technology Officer</i></p> <p>Damien is responsible for the creation of the new global platform project that supports Guvera's expansion into emerging markets. Since Damien's appointment, Guvera has been recognised with five awards for mobile design and innovation, as outlined in Section 3.8.</p> <p>Damien has more than 15 years of experience in the online industry. Before joining Guvera in 2013, Damien cofounded BeeLiked, a leading social media promotions company in the UK and was Head of Development, Digital Entertainment, at Virgin Media. Damien previously worked for BHP Billiton prior to relocating to the UK to gain experience working with major UK companies such as the BBC, British Telecom and GlaxoSmithKline.</p> <p>Damien is a qualified ScrumMaster and Agile Practitioner, a member of the Australian Computer Society and a member of the Australian Institute of Company Directors (MAICD).</p>
	<p>Robb Snell <i>Head of Product</i></p> <p>Robb is responsible for ensuring Guvera's User and brand offering aligns with Guvera's business strategy and supports a successful business model in all of Guvera's markets.</p> <p>Robb joined Guvera in 2013 and has since led several major product advancements including the development of Guvera's real-time awareness platform and brand engagement strategy, which is built on an innovative Native Ad platform. Robb has previously delivered technology-based products as a consultant for Deloitte Touche Tohmatsu and Fidelity Investments, and he also previously led the New Media product team at BSKyB in London before joining Guvera.</p> <p>Robb has a Bachelor of Computer Science and Technology from the University of Sydney.</p>

9. BOARD AND SENIOR LEADERSHIP TEAM



Kara O'Dwyer
Group General Manager

Kara is responsible for ensuring operational efficiency and effectiveness, and business unit alignment with the company strategy to ensure optimal positioning for result attainment. Kara oversees the marketing, operations, HR, communications, creative, content and other project divisions. Kara joined Guvera in 2014 and has since overseen the establishment of five hubs, and expansion from three to, at its maximum, twenty territories. Kara was appointed Group General Manager in 2015.

Prior to joining Guvera, Kara had close to ten years of experience in marketing, business development and management across international markets, predominantly in the higher education sector.

Kara has a Bachelor of International Business, majoring in International Marketing, from Griffith University and a Graduate Management Qualification (now known as a Certificate of Business Administration) from Bond University.



Inke Loos
Group General Counsel

Inke was retained in 2011 to act for Guvera in a number of legal matters whilst she was still in private practice. In 2013 she was retained on secondment as Guvera's Legal Manager, and in 2014 she officially joined as Guvera's Legal and Business Affairs Manager. As Guvera's General Counsel, Inke is responsible for managing the legal aspects of Guvera's business globally. This includes negotiating and finalising all label and publishing rights agreements, managing Guvera's intellectual property and overseeing all Guvera's general legal matters.

Prior to joining Guvera, Inke worked in private practice in the areas of corporate, commercial, property and intellectual property law.

Inke has a Bachelor of Laws (Honours) from Southern Cross University and a Graduate Diploma of Legal Practice from the College of Law.



Jeremy McLennan
Deputy Chief Financial Officer

Jeremy has recently joined Guvera and brings more than 14 years' experience as a finance executive.

Jeremy will be responsible for Guvera's financial management including financial reporting, budgeting, overseeing audits, treasury and internal controls and processes.

Jeremy is a Certified Practising Accountant and has Bachelor of Commerce from Curtin University of Technology. He is also currently obtaining a Masters of Business Administration from Southern Cross University.



Max Hegerman
Global Director of Brand Strategy

Max has more than 20 years of brand management, strategy development, integrated marketing and business development experience. Max has worked in the United States and Australia and he also has extensive experience in the Indian market, specifically in the digital arena working for companies such as JWT India Group, Tribal DDB India and Hungama Digital Services.

Max is currently responsible for the development and implementation of Guvera's brand strategy and is spokesman for the Company.

9. BOARD AND SENIOR LEADERSHIP TEAM



Yemee Fernandes
Commercial Director, Asia-Pacific (APAC)

As Commercial Director, APAC (which includes Australia, SouthEast Asia and Middle East, Yemee is responsible for all commercial partnerships and alliances in this region, overseeing the sales and client management teams to achieve targets and goals set by the Board.

During her tenure with Guvera, Yemee has successfully brought multiple brands on board including Priceline, AMEX, Vibe and Goodlife Health Clubs.

Prior to her role as Commercial Director, APAC, Yemee held various high-level positions including General Manager of Universal Music Group, Head of Business Development and Sales with Fairfax Enterprises and as Associate Publisher for LexisNexis.



Carlos Rojas Girao
Head of Commercial, Latin America

Carlos is responsible for overseeing Guvera's sales and marketing operations across Latin America, specifically Mexico, ensuring that his teams are focused on delivering effective localised marketing to optimise Guvera's User retention rates in the region.

Prior to joining Guvera, Carlos worked at Google Latin America.



Marie Johansson
Commercial Director, Eastern Europe and Russia

Marie is the Director of Sales and Business Development – Eastern Europe and Russia and is also the CEO of Guvera Finland Oy. She is responsible for managing all launches, strategic growth and commercialisation across the region.

Prior to joining Guvera, Marie specialised in sales and was a General Technical Manager of software solutions and innovation technologies. She previously headed up sales for technology start-up Uniqoteq Ltd (Red Herring top100 in 2012), and held several senior management roles at Nokia across global sales and product marketing functions.

9.3 Corporate governance

This section explains how the Board will oversee the management of the Company's business. The Board is responsible for the overall performance of the Company and accordingly takes accountability for monitoring the Company's business affairs and strategic direction, establishing policies and overseeing the Company's financial position and performance. The Board is committed to maximising performance, generating appropriate levels of returns for Shareholders and sustaining the growth and success of the Company. In conducting its business with these objectives, the Board is concerned to ensure that Guvera is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has adopted corporate governance policies and practices designed to promote the responsible management and conduct of the Company.

9.3.1 ASX Corporate Governance Principles and Recommendations

To the extent applicable, and commensurate with the Company's size and nature, the Company has adopted various corporate governance policies having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (ASX Recommendations). As a listed entity, Guvera will be required to report annually the extent to which it has followed the ASX Recommendations during each financial year. If it has not followed a particular ASX Recommendation during the year, Guvera must disclose its reasons for not doing so.

Guvera intends to comply with all of the ASX Recommendations from the time of its listing.

The Company's key corporate governance policies, charters and practices are outlined below and are available on the Company's website at www.guveralimited.com.

9.3.2 The Board of Directors

The Board comprises three Non-Executive Directors, of which the Chairman is independent, and two Executive Directors.

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company.

9. BOARD AND SENIOR LEADERSHIP TEAM

The materiality of the interest, position, association or relationship will be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with a Director's independence.

The Board Charter adopted by the Directors sets out guidelines of materiality when assessing the independence of Directors in accordance with the ASX Recommendations and the Company has adopted a definition of independence based on those ASX Recommendations. The Board regularly reviews individual Director independence based on information disclosed to the Board by each Director. The materiality of any disclosure made by a Director will be considered on a case-by-case basis.

The Board considers that the Chairman, Phil Quartararo, is free of any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with him exercising independent judgement. Mr Quartararo is therefore considered to be an independent Director for the purpose of the ASX Recommendations.

The Board does not consider Brad Christiansen to be independent based on his being the director of a company which provides professional services to Guvera. See **Sections 9.5.3** and **9.3.2** for further information.

The Board does not consider Steven Porch to be independent based on his association with an entity (Coterie) which has a material contractual relationship with Guvera by way of loan arrangements. Guvera intends to repay the loans from capital raised through this Offer. Once repaid, it is expected that Steven Porch will be free of any business interest or other relationship that could materially interfere with the exercise of his independent judgement and may then be considered to be an independent Director.

The Board does not consider Darren Herft or Claes Loberg to be independent due to their executive roles in the Company.

Guvera intends to appoint two new independent Non-Executive Directors within the next 12 months, once suitable candidates have been identified. Following that appointment, the Board will then be composed of three independent Directors.

The Underwriting Agreement grants AMMA the right to nominate one suitable director to the Board at any time before 30 June 2023, see **Section 11.10** for further details.

9.3.3 Board Charter

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

- the composition, role and responsibilities of the Board, including that the Board is responsible for approving and monitoring the Company's strategy, business performance objectives and financial performance objectives, approving major borrowing and debt arrangements, the issuance of any Shares, Options, equity instruments or other securities in Guvera and overseeing and monitoring the establishment of systems of risk management and systems of internal controls;
- the roles and responsibilities of the Chairman and the Company Secretary;
- the division of authority between the Board and the CEO (if applicable) and management;
- the ability of Directors to seek independent advice; and
- the process for periodic performance evaluations of the Board, each Director and Board committees.

9.3.4 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established two standing committees: the Audit and Risk Management Committee and the Remuneration and Nomination Committee. Other committees may be established by the Board as and when required.

Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

9.3.5 Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee which assists the Board in:

- fulfilling its responsibilities for corporate governance and oversight of the Company's financial and corporate reporting;
- identification and management of risk;
- overseeing the Group's financial controls, systems and compliance structures; and
- overseeing the external audit functions.

The Audit and Risk Management Committee Charter sets out:

- the composition of the committee, including that the committee must comprise only Non-Executive Directors, a majority of whom are independent and that the Chairman of the Committee is not to be the Chairman of the Board;
- the committee's ability to have access to Company records and employees and the external auditor for the purpose of carrying out its responsibilities. The Charter also provides that the committee may seek the advice of independent advisers on any matter relating to the duties or responsibilities of the committee; and
- the specific responsibilities of the committee in respect of the areas of risk management and compliance, financial and corporate reporting and external audit matters.

With respect to external audit matters, the Committee has responsibility for developing and overseeing implementation of the Company's policy on the engagement of the external auditor to supply non-audit services (noting that the Committee is required to advise the Board as to whether it is satisfied that the provision of any non-audit services is compatible with the general standard of independence for auditors).

The Committee is chaired by Steven Porch. Phil Quartararo and Brad Christiansen are members of this Committee. A copy of the Audit and Risk Management Committee charter is available on the corporate governance page of the company's website.

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9.3.6 Remuneration and Nomination Committee

The Board has also established a Remuneration and Nomination Committee which assists the Board in:

- developing criteria for Board membership and assessing the skills required on the Board;
- reviewing the Board's composition to ensure the skills represented reflect those skills identified;
- reviewing and recommending to the Board the composition and membership of the Board;
- undertaking an annual evaluation of the performance of the Board, its Committees and Directors;
- reviewing and making recommendations to the Board on the Company's remuneration framework, remuneration packages and policies applicable to the Company's Executive management and Directors;
- reviewing and making recommendations to the Board on equity-based remuneration plans for Senior Executives and other employees;
- ensuring that remuneration policies demonstrate a clear relationship between key executive performance and remuneration;
- in accordance with the Diversity Policy, annually review the progress of the Company towards its objectives for achieving gender diversity.

The Committee Charter sets out:

- the composition of the Committee, including that the Committee must comprise only Non-Executive Directors, a majority of whom are independent and that the Chairman of the Committee is not to be the Chairman of the Board; and
- the specific responsibilities of the Committee in respect of the areas of nomination (including in respect of matters going to the composition of the Board, the Board's skills matrix and succession planning for the Board) and remuneration (including responsibilities to review and make recommendations to the Board on Executive and Non-Executive Director remuneration, reviewing the Company's remuneration policies, overseeing employee equity incentive plans and responsibility for reviewing the Company's remuneration report).

The Committee is chaired by Brad Christiansen. Phil Quartararo and Steven Porch are members of this Committee. A copy of the Remuneration and Nomination Committee charter is available on the corporate governance page of the company's website.

9.3.7 Risk Management Policy

The Company has adopted a risk management policy appropriate for its business. This policy highlights the key risk areas relevant to the Company's operations and the Company's commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Board is responsible for the oversight and approval of risk management strategy and policies. The Board has delegated to the Audit and Risk Management Committee responsibility for advising the Board on risk and compliance management and to assist the Board in fulfilling its risk management and oversight responsibilities relating to:

- the Company's risk profile and risk policy; and
- the effectiveness of the Company's risk management framework and supporting risk management systems.

Section 10 sets out specific risks that could adversely affect the Company's prospects for future financial years.

9.3.8 Continuous Disclosure Policy

As an ASX-listed entity, Guvera will be subject to the continuous disclosure requirements pursuant to the ASX Listing Rules and the Corporations Act. Subject to exceptions contained in the ASX Listing Rules, the Company will be required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company has adopted a Continuous Disclosure Policy to promote awareness within the Company of its continuous disclosure obligations and which establishes procedures which are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of market sensitive information. The policy also sets out procedures for dealing with external communications that seek to ensure, among other things, that market sensitive information is first disclosed to ASX before being communicated to third parties.

All announcements provided to the ASX will be subsequently posted on the Company's website.

9.3.9 Code of Conduct

Guvera is committed to maintaining a high level of integrity and ethical standards in how it conducts its business. Accordingly, the Board has adopted a formal Code of Conduct which outlines how Guvera expects its representatives to behave and conduct business in the workplace. The Code of Conduct applies to all employees, regardless of employment status or work location. In addition, the Directors, in the Board Charter, have committed to abiding by the Code of Conduct as it applies to the Board.

The Code of Conduct is designed to:

- provide a benchmark for ethical and professional behaviour throughout Guvera;
- promote a healthy, respectful and positive workplace and environment for all employees;
- ensure that there is compliance with laws, regulations, policies and procedures relevant to Guvera's operations, including workplace health and safety, privacy, fair trading and conflict of interest;
- ensure there is an appropriate mechanism for people to report conduct that breaches the Code of Conduct; and
- ensure that employees are aware of the consequences they face if they breach the Code of Conduct.

9.3.10 Securities Trading Policy

Guvera has adopted a Security Trading Policy to:

- ensure that all Directors, employees and contractors of the Company (and their associates) are aware of Australian insider trading laws as they apply to trading in Shares (and other securities of the Company); and
- protect the reputation of the Company and its Directors and employees by seeking to avoid the possibility that misconceptions,

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misunderstandings or suspicions might arise as a result of trading by Directors and others who may be, or may be perceived to be, in possession of inside information.

The policy seeks to do so by imposing additional restrictions on the trading of Shares by Directors, executives and other specified employees (referred to in the policy as Restricted Persons). The policy provides procedures that must be followed before relevant persons are permitted to trade in Shares. These procedures include:

- prohibitions on trading during closed periods, being the periods between the end of the full or half year financial period and until the trading day after the release of the Company's results for that period and any other period the Board may specify; and
- requirements for prior clearance for trading outside the closed periods as well as reporting after trading has taken place.

9.3.11 Stakeholder Communication Policy

The Board has adopted a Stakeholder Communication Policy to ensure that Shareholders, regulators and the wider investment community are provided with sufficient information to assess the performance of the Company, facilitate participation at its shareholder meetings and to ensure that Shareholders are informed of all major developments affecting the Company in a timely and readily accessible manner. The Company is required by law to communicate with Shareholders through the lodgement of all relevant financial and other information with ASX and, in some instances, mailing information to Shareholders directly. It will also publish information (including information released to ASX) on www.guveralimited.com. The Company's website will also contain information about Guvera, including media releases, key policies and the charters of the Board committees.

9.3.12 Diversity policy

The Board has adopted a Diversity Policy that sets out Guvera's commitment to recognising the importance of diversity across its business. Diversity is seen as an asset and competitive advantage at Guvera and is considered to be integral to the Company's approach to doing business. The policy recognises that diversity not only includes gender diversity but also includes matters of age, ethnicity, or religious or cultural background.

The policy also includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually its objectives and Guvera's progress in achieving them. Guvera will disclose those objectives and its progress in achieving them in the Company's annual corporate governance statement, along with the respective proportions of men and women on the Board, in executive positions and throughout the Company.

9.4 Directors' and key managements' interests and remuneration

9.4.1 Executive Directors

9.4.1.1 Director, CEO and Co-Founder

Guvera and Darren Herft entered into a Consultancy Agreement as extended and varied by a Deed of Extension and Variation and a Second Deed of Variation (together, the "Herft Agreement").

Under the Herft Agreement, Mr Herft has agreed, until 15 May 2017, to provide certain consultancy services to Guvera, including acting as Chief Executive Officer of Guvera and overseeing Guvera's sales and capital raising. During the engagement, Mr Herft must not act in conflict with Guvera's best interests, or engage in any business or activity with a competitor of Guvera.

In exchange for his services, Guvera has agreed to pay Mr Herft AUD\$264,000 per annum (payable as AUD\$22,000 per month) as well as to reimburse Mr Herft for all pre-approved out of pocket expenses incurred in connection with the provision of the services.

Guvera may terminate the Herft Agreement on 30 days' notice. Mr Herft may terminate the Herft Agreement on 90 days' notice. Guvera and Mr Herft may also mutually agree to terminate the Herft Agreement by written agreement at any time during the term.

Upon termination of the Consultancy Agreement, Mr Herft is subject to a restraint of trade period of 6 months. The enforceability of the restraint clause is subject to all usual legal requirements. Mr Herft has also undertaken to maintain the confidentiality of Guvera's confidential information; and to assign to Guvera all intellectual property Mr Herft develops in the course of providing services to Guvera.

The interests of Darren Herft are set out in **Sections 9.4.6** and **9.4.7**.

9.4.1.2 Director of Innovation, President House of Guvera and Co-Founder

Claes Loberg commenced his role as Director of Innovation and President of House of Guvera on 1 May 2016. Mr Loberg has a standard form employment agreement with Guvera Services Pty Ltd as detailed further in **Section 9.4.8** below. Mr Loberg's salary is \$300,000 per annum (excluding superannuation).

Mr Loberg is eligible to participate in the Employee Share Option Plan but has not, at the Prospectus Date, been invited to participate.

Guvera may terminate Mr Loberg's employment by providing 12 months written notice. Mr Loberg may terminate his contract by providing 12 months written notice.

Upon termination of employment, Mr Loberg is subject to a restraint of trade period of 12 months. The enforceability of the restraint clause is subject to all usual legal requirements. Mr Loberg has also undertaken to maintain the confidentiality of Guvera's confidential information and to assign to Guvera all intellectual property developed in the course of Mr Loberg's employment.

The interests of Claes Loberg are set out in **Sections 9.4.6** and **9.4.7**.

9.4.2 Non-Executive Directors' remuneration

Under the Constitution, the Board decides the total amount paid to each Director as remuneration for their services as a Director. However, the

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total amount paid to Non-Executive Directors must not exceed in aggregate in any financial year AUD\$750,000 or such any other amount fixed by the Company in a general meeting.

The annual Directors fees currently agreed to be paid by Guvera are AUD\$282,000 to the Chairman and AUD\$60,000 to other Non-Executive Directors. In addition, the Chairman of the Audit and Risk Committee and the Chairman of the Remuneration and Nomination Committee will each be paid a maximum of AUD\$15,000 annually in addition to their base Directors fee. Other committee members will receive a maximum of AUD\$10,000 per annum for serving on each of the Audit and Risk Committee or the Remuneration and Nomination Committee. Superannuation contributions, required by law to be made by Guvera, are included in these amounts. Non-Executive Directors are also entitled to participate in the Employee Share Option Plan.

There are no retirement benefit schemes for Non-Executive Directors, other than statutory superannuation contributions.

9.4.3 Director appointment letters

Each Director has entered into appointment letters with Guvera, confirming the terms of their appointment, their roles and responsibilities and Guvera's expectations of them as Directors.

9.4.4 Deeds of access, indemnity and insurance for Directors

Guvera has entered into a deed of access, indemnity and insurance with each of the Directors which confirms each person's right of access to certain books and records of the Company while they are a Director and for a period after they cease to be a Director.

Pursuant to the Constitution, Guvera must indemnify every officer against any liability incurred as an officer to another person (other than Guvera or a related body corporate). The deeds also require Guvera to indemnify each Director for liability incurred as an officer of Guvera and its subsidiaries, to the maximum extent permitted by law. The deeds provide that Guvera must advance to the Director costs reasonably incurred by the Director in conducting or defending certain proceedings.

9.4.5 Future of the board and other payments

Guvera intends to appoint two new independent Non-Executive Directors to the Board within 12 months. The Underwriting Agreement grants AMMA the right to nominate one suitable Director to the Board at any time before 30 June 2023, see **Section 9.5** for further details.

Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs.

Directors may also be paid such additional remuneration as the Directors decide is appropriate where a Director performs extra services or makes special exertions on behalf of Guvera or its business.

9.4.6 Directors' interests in Shares and Options

The Guvera Directors are not required by the Constitution to hold any Shares.

Immediately prior to Completion of the Offer, the number of Existing Shares and Options held by the Guvera Directors will be as outlined in the table below:

Exhibit 9.4.6			
Directors	Relevant interest in Shares prior to Completion of the offer*	% Relevant interest in Shares prior to Completion of the offer*	Interest in Options prior to Completion of the offer*
Phil Quartararo	6,000,000	0.48%	500,000 ¹
Darren Herft	97,561,600	7.87%	7,000,000 ²
Steven Porch	79,946,672	6.45%	4,000,000 ³
Brad Christiansen	34,000,000	2.75%	-
Claes Loberg	144,172,000	11.60%	-

Notes:
* Final Directors' shareholdings will be notified to ASX on Listing. Directors may hold their interests directly or indirectly, including through holdings by companies or trusts. Directors may have a relevant interest in Shares and Options even though they do not have a beneficial interest in them.

1. 500,000 AUD\$2.00 Options expiring on 31 December 2016. Each Option is exercisable for four Shares.
2. 2,000,000 AUD\$1.00 Options expiring on 31 December 2016 and 5,000,000 AUD\$2.00 Options expiring 31 December 2016. Each Option is exercisable for four Shares.
3. 4,000,000 AUD\$2.00 Options expiring 31 December 2016. Each Option is exercisable for four Shares. The optionholder has agreed with Guvera not to exercise these Options and to allow them to lapse.

9.4.7 Key Management Remuneration

Guvera's key management is made up of Darren Herft, Executive Director and Chief Executive Officer, Claes Loberg, Director of Innovation and President House of Guvera and Ken Hostland, Chief Operations Officer, Chief Financial Officer and Company Secretary. For further information regarding Darren and Claes' arrangements see **Section 9.4.1**.

9.4.7.1 Chief Operating Officer, Chief Financial Officer and Company Secretary

Ken Hostland commenced his role as Chief Financial Officer on 11 January 2016. He later became Chief Operations Officer and Company

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Secretary also. Mr Hostland has a standard form employment contract with Guv Services Pty Ltd as detailed further in **Section 9.4.8** below. Mr Hostland's salary is \$300,000 per annum (excluding superannuation) with a bonus of \$50,000 upon the listing of the Company on the ASX.

Mr Hostland also participates in the Employee Share Option Plan and is eligible to receive after 1 July 2016:

- 500,000 options with an exercise price of \$0.01 per option, which vest on 11 January 2018, subject to Mr Hostland being continuously employed by Guvera up to that date; and
- 500,000 options with an exercise price of \$1.00 per option which vest on 11 January 2019, subject to Mr Hostland being continuously employed by Guvera up to that date, as well as meeting certain key performance indicators.

All options are subject to the terms and conditions of the Guvera Employee Share Option Plan and Rules.

Guvera may terminate Mr Hostland's employment by providing eight weeks' written notice or making a payment in lieu of notice. Mr Hostland may terminate his contract by providing 2 weeks' notice.

Upon termination of employment, Mr Hostland is subject to a restraint of trade period of 12 months. The enforceability of the restraint clause is subject to all usual legal requirements. Mr Hostland has also undertaken to maintain the confidentiality of Guvera's confidential information; and to assign to Guvera all intellectual property developed in the course of Mr Hostland's employment.

Mr Hostland is also eligible to receive short term incentives and long term incentives which are to be determined by the Board.

Exhibit 9.4.7			
Key management	Relevant interest in Shares prior to Completion of the offer*	% Relevant intion of the offer*	Interest in Options prior to Completion of the offer*
Darren Herft	97,561,600	7.87%	7,000,000 ¹
Ken Hostland	-	0.0%	1,000,000 ²
Claes Loberg	144,172,000	11.60%	-

1. 2,000,000 AUD\$1.00 Options expiring on 31 December 2016 and 5,000,000 AUD\$2.00 Options expiring 31 December 2016. Each Option is exercisable for four Shares.
2. 500,000 AU\$0.01 Options expiring on 10 January 2023 to be issued pursuant to ESOP and subject to vesting conditions and 500,000 AUD\$1.00 Options expiring on 10 January 2023 agreed to be issued pursuant to ESOP and subject to vesting conditions. Options are expected to be issued in July 2016. Each Option is exercisable for four Shares.

9.4.8 Senior leadership team arrangements

Guvera's senior leadership team are employed under standard individual contracts of employment with Guv Services Pty Ltd (Guv Services) which establish:

- total compensation including a base salary and superannuation contribution to a fund of the individual's election;
- termination notice provisions between one and six months' notice by either party or, in the case of Guv Services, by making a payment in lieu of notice;
- immediate termination rights in favour of Guv Services, without payment in lieu of notice, in circumstances involving serious or wilful misconduct;
- comprehensive protections for Guv Services in respect of intellectual property and confidential information; and
- various post-employment restraints, including being restrained from working for a competitor, for up to 12 months after ceasing employment. The enforceability of such restraints is subject to all usual legal requirements.

9.4.9 Executive incentive arrangements

Employees may also be eligible to participate in the Company's short-term incentive plan and long-term incentive plan. Under the short-term incentive, a bonus can be paid to an employee, either in the form of cash or equity, subject to the achievement of a range of financial and non-financial key performance indicators. To date, the long-term incentive has been in the form of Options offered to employees as noted in **Section 9.4.10**.

For FY2016, only some Key Management and other Executives have short-term incentives offered to them in their contracts, dependent on achieving key financial performance indicators. Any actual bonuses paid may be higher or lower than the short-term incentive nominated amount dependent on their level of performance, and may vary between individual members. The Remuneration and Nomination Committee have contracted Egan Associates Pty Limited to provide a program addressing remuneration, benchmarking and incentives (including short-term incentive and long-term incentive) for their consideration.

9.4.10 Existing Employee Share Option Plan

Guvera has an Employee Share Option Plan (ESOP) to assist in the motivation, retention and reward of employees. The ESOP is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for eligible employees (being full-time or part-time employees of, or contractors to, the Guvera Group, including Directors, Executives and members of senior management, or their related bodies corporate and who are designated by the Board) to receive an equity interest in Guvera through the granting of Options. Please refer to **Section 15.3** for a summary of the terms of the ESOP.

Prior to the establishment of the ESOP in April 2011, share options were granted to some Directors and senior executives of the Company in accordance with the Company's former remuneration and incentive arrangements.

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At the Prospectus Date, Guvera granted a total of 4,230,000 Options to senior management and other eligible employees under the ESOP. Guvera has granted these Options in accordance with the terms described in **Section 15.3**. Of these total ESOP Options granted, 1,950,000 were issued to members of the senior management team which represents 3.06 % of the total Options on issue immediately prior to Completion of the Offer.

All ESOP Options have been granted at a nil exercise price, except for two tranches of 500,000 ESOP Options as noted below and 175,000 Options granted on 1 January 2016 which had an exercise price of \$1.00 per Option.

A summary of the vesting requirements and current status for these Options are as follows:

- 385,000 Options, which include nil Options for the senior leadership team outlined in **Section 9.2**, have vested but have not been exercised. These Options expire on 14 April 2018. Under the Option Exercise Offer provided by the Company, 250,000 Options were exercised for shares on 19 May 2016.
- 1,900,000 Options, which will include 345,000 Options for the senior leadership team outlined in **Section 9.2**, were granted on 1 May 2014 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 30 April 2020. Under the Option Exercise Offer provided by the Company, 80,000 Options were exercised for shares on 19 May 2016 of which 10,000 Options were for key management outlined in **Section 9.2**.
- 25,000 Options, which include 25,000 Options for the senior leadership team outlined in **Section 9.2**, were granted on 31 July 2014 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 30 July 2021.
- 10,000 Options, which include nil Options for the senior leadership team outlined in **Section 9.2**, were granted on 3 August 2014 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 2 August 2021.
- 40,000 Options, which include nil Options for the senior leadership team outlined in **Section 9.2**, were granted on 22 October 2014 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 21 October 2021.
- 50,000 Options, which include nil Options for the senior leadership team outlined in **Section 9.2**, were granted on 15 January 2015 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 14 January 2022.
- 10,000 Options, which include nil Options for the senior leadership team outlined in **Section 9.2**, were granted on 16 July 2015 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 15 July 2022.
- 10,000 Options, which include nil Options for the senior leadership team outlined in **Section 9.2**, were granted on 11 August 2015 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 10 August 2022. Under the Option Exercise Offer provided by the Company, 10,000 Options were exercised for shares on 19 May 2016.
- 10,000 Options, which include nil Options for the senior leadership team outlined in **Section 9.2**, were granted on 6 October 2015 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 5 October 2022.
- 1,541,000 Options, which include 795,000 Options for the senior leadership team outlined in **Section 9.2**, were granted on 28 October 2015 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 27 October 2022. Under the Option Exercise Offer provided by the Company, 591,000 options were exercised for shares on 19 May 2016 of which 285,000 Options were for key management outlined in **Section 9.2**.
- 10,000 Options, which include nil Options for the senior leadership team outlined in **Section 9.2**, were granted on 4 November 2015 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 3 November 2022.
- 20,000 Options, which include nil Options for the senior leadership team outlined in **Section 9.2**, were granted on 11 December 2015 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 10 December 2022. Under the Option Exercise Offer provided by the Company, 10,000 Options were exercised for shares on 19 May 2016.
- 175,000 Options, which include 150,000 Options for the senior leadership team outlined in **Section 9.2**, were granted on 1 January 2016 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 31 December 2022. Under the Option Exercise Offer provided by the Company, 70,000 Options were exercised for shares on 19 May 2016 of which 70,000 Options were for the senior leadership team outlined in **Section 9.2**.
- 70,000 Options, which include nil Options for the senior leadership team outlined in **Section 9.2**, were granted on 3 February 2016 and will vest as per the vesting conditions noted in **Section 15.3**. These Options expire on 2 February 2023.

All Options can be exercised at one Option for four Shares.

On 19 May 2016, Guvera finalised a limited time offer to all optionholders providing a \$0.40 reduction to the exercise price of each option (an equivalent reduction of \$0.10 for each share) and, for optionholders with an exercise price of less than \$0.10 per option the exercise price was reduced to nil (Option Exercise Offer). Employees in the ESOP exercised 1,011,000 options in total and 4,044,000 shares have been issued.

9.5 Related party arrangements

Guvera has in place a number of related party arrangements. The Directors believe the related party arrangements are on arms-length commercial terms. Guvera has not sought Shareholder approval in respect of its related party arrangements. Guvera has in place an Audit and Risk Committee which is responsible for reviewing related party agreements and providing recommendations to the Board in relation to those agreements. Set out below are the related party agreements that have been in place and those that are currently in place.

9.5.1 AMMA Private Equity Pty Ltd

AMMA Private Equity Pty Ltd ("AMMA") is a private equity firm which presents various technology based investment opportunities to accounting firms and individuals. AMMA and Guvera are related parties for the purposes of Chapter 2E of the Corporations Act by virtue of the fact that Darren Herft is the sole director of AMMA, is the sole director of Herft Accounting Australia Number 2 Pty Ltd which owns 50% of the shares in AMMA, and is a Director and the CEO of Guvera.

Previous Capital Raising Agreement

Guvera did not have any capital raising or debt financing skills or experience in-house, so outsourced this critical function to AMMA. On 1 October 2013, Guvera formalised this relationship and entered into an agreement with AMMA to source funding to meet its operational and growth requirements. Under this agreement, AMMA incurs costs for its employees, its operations and those costs associated with promoting and marketing Guvera to AMMA's network of accounting firms and investors. For major AMMA fund raising events, Guvera received sponsorship and speaking positions and paid to AMMA the sponsorship fees set out in Exhibit 9.5.3.1.

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In return, Guvera pays a commission to AMMA at the rate of 10% for cash raised from Investors and 5% for any cash raised from debt financiers. From 29 October 2013, AMMA also receives a 1% trailing fee on any funds raised as a result of AMMA's services and, where such trailing fee exceeds AUD\$100,000 in any single month, Guvera has agreed to issue Options to AMMA in satisfaction of the payment of a portion of such trailing fee.

AMMA has assisted Guvera by raising more than AUD\$180 million as at the Prospectus Date. A summary of the capital raised, the commissions earned, the trailing fee earned and the total amount invoiced by AMMA as at the Prospectus Date are outlined in the table below:

Exhibit 9.5.3.1

Period	Capital Raised AUD\$	Commission AUD\$	Trailing Fee AUD\$	Sponsorship Fee AUD\$	Total Invoiced AUD\$
Year ended 30 June 2009	20,000	2,000	0	0	2,000
Year ended 30 June 2010	11,026,898	1,102,690	0	0	1,102,690
Year ended 30 June 2011	2,663,923	266,392	0	0	266,392
Year ended 30 June 2012	18,309,923	1,130,992	0	0	1,130,992
Year ended 30 June 2013	7,410,241	730,706	0	30,000	760,706
Year ended 30 June 2014	26,929,875	2,722,187	316,815	0	3,039,002
Year ended 30 June 2015	70,607,025	6,529,822	903,794	100,000	7,333,616
Year ended 30 June 2016	48,311,497	7,096,220	1,396,051	157,500	8,649,771
Total	185,279,382	19,581,009	2,616,660	287,500	22,485,168

Guvera has terminated the agreement with AMMA, effective on the date of lodgement of its Prospectus with ASIC, and is liable for the AUD\$500,000 termination fee plus any commissions or trailing fee payable at that date. Guvera will pay amounts due to AMMA as a result of the termination from the proceeds of the Offer.

Current Capital Raising Agreement

Guvera has entered into a new agreement with AMMA to raise capital during the IPO period, and has negotiated a commission rate consistent with the fees to be paid to the Lead Manager and the Brokers of the IPO (5.75% of funds raised), plus direct costs for promotion and marketing of Guvera by AMMA's representatives which is estimated to be in the range of AUD\$450,000 to AUD\$600,000.

Under this agreement, AMMA will also provide ongoing support services, for a minimum term of three months, by:

- assisting Guvera's Investor Relations and/or Public Relations firms with information to support the company post IPO
- presenting to prospective shareholders, brokers, institutions and other interested investors

In return, Guvera will pay reasonable costs, charges and expenses associated with these services. At the completion of these services, all agreements with AMMA will terminate, unless terminated earlier. Please refer to **Section 15.7** for a summary of the terms of this agreement.

Underwriting Agreement

Guvera has entered into an underwriting agreement with AMMA under which AMMA has agreed to underwrite AUD\$10,000,000 of the funds raised by the Offer, conditional upon Guvera first receiving valid applications and payment under the Offer for Shares equivalent to at least a value of AUD\$30,000,000 by 5.00pm on Friday, 8 July 2016. AMMA will receive an underwriting fee equal to 1.25% of the proceeds raised by underwritten Shares. Please refer to **Section 15.8** for a summary of the terms of this agreement.

Lease Arrangement

Guvera and APE Property Pty Ltd ("APE") entered into an agreement for lease and a carpark licence deed, both dated 11 September 2015, pursuant to which APE agreed to construct and lease office space and associated car parking in Queensland to Guvera. The office is being constructed to meet Guvera's requirements and Guvera expects the office to be completed this calendar year. Once the office is constructed and the lease has commenced, Guvera will pay annual rental payments of AUD\$340,200 (plus GST) (subject to an adjustment based on a survey of the final lettable area of the premises), with 4% fixed annual increases. Guvera has two 5 year options to extend the term of the lease. The grant of the lease is conditional on the construction of the premises reaching practical completion by 31 March 2017, APE obtaining the relevant planning approval and APE obtaining its mortgagee's consent to the lease. Guvera was not required to provide a guarantee under the agreement to lease or to the carpark licence deed. This lease will replace three existing offices leased by Guvera in Queensland which in aggregate cost AUD\$312,000 per annum.

Guvera and APE Property Pty Ltd are related parties for the purposes of Chapter 2E of the Corporations Act by virtue of the fact that AMMA is the sole shareholder of APE Property Pty Ltd and Darren Herft is the sole director of APE Property Pty Ltd, and is the sole director of Herft Accounting Australia Number 2 Pty Ltd which owns 50% of the shares in AMMA.

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9.5.2 Loans from entities associated with Steve Porch

Each of Coterie and Nhill are related parties of Guvera, for the purposes of Chapter 2E of the Corporations Act, by virtue of the fact that Coterie and Nhill are controlled by Steven Porch's parents.

Coterie Nominees Pty Ltd (Coterie) has made available the following loan facilities to Guvera;

- (a) Facility Agreement (**First Facility**) dated 5 May 2011 (as amended on 28 July 2011), under which Facility Agreement, Guvera is a borrower jointly and severally with Michael de Vere. The aggregate principal amount made available under this Facility Agreement is A\$6,000,000 of which Guvera has drawn down AUD\$4,000,000 and Michael de Vere has drawn down AUD\$2,000,000. No repayments have been made with respect to this First Facility thus the aggregate principal amount currently outstanding is A\$6,000,000;
- (b) Facility Agreement (**Second Facility**) dated 2 January 2012 (as amended on 31 July 2012), under which Facility Agreement, Guvera is a borrower jointly and severally with Michael de Vere. The aggregate principal amount made available under this Facility Agreement is A\$2,250,000. The aggregate principal amount currently outstanding under this Second Facility is A\$1,500,000; and
- (c) Deed of Loan (**R&D Facility**) dated November 2014, under which Guvera is the sole borrower. The aggregate principal amount made available under this Facility Agreement is A\$2,000,000. The aggregate principal amount currently outstanding under this R&D Facility is A\$400,000,

(together, the **Facilities**).

The First Facility is secured by:

- (a) a fixed and floating charge dated 5 May 2011 granted by Guvera IP Pty Limited in favour of Coterie;
- (b) real property mortgages over 94 Holyrood Road, Maudsland, Queensland granted by Michael De Vere in favour of the Financier; and
- (c) joint and several unlimited guarantees granted by Claes Loberg and Darren Herft.

The Second Facility is secured by:

- (a) joint and several unlimited guarantees granted by AMMA Private Investment Pty Ltd and Darren Herft; and
- (b) real property mortgages over 94 Holyrood Road, Maudsland, Queensland granted by Michael De Vere in favour of the Financier.

The R&D Facility is secured by:

- (a) real property mortgages over 94 Holyrood Road, Maudsland, Queensland granted by Michael De Vere in favour of the Financier; and
- (b) a guarantee by Darren Herft and Michael de Vere.

As consideration for the provision of the security, under the First Facility and Second Facility Michael de Vere is entitled each year or pro rata thereof, a \$0.01 option to purchase shares in Guvera for every \$2.00 of the amount advanced where the total advances exceed \$6,000,00.

Interest under each of the Facilities accrues at 10.00% per annum. This interest is currently capitalising. The default interest rate is 20.00% per annum. As at 31 March 2016, the aggregate amounts of principal and interest outstanding on the loans was AUD\$6.6 million.

All of the Facilities are in default. Default notices with respect to the First Facility and Second Facility were served on Guvera and on the guarantors in 2013. Coterie has elected not to take enforcement action with respect to such defaults to date but has reserved and continues to reserve all its rights to take enforcement action with respect to such defaults and Facilities.

It is proposed that Guvera's obligations with respect to the Facilities will be repaid from the proceeds of the IPO. Once the final date for final repayment has been set, Coterie will calculate the total amount of interest and default interest accrued and capitalised and this will be added to the final amounts to be repaid to Coterie.

Under the First Facility and the Second Facility, Coterie and Nhill Investments Pty Ltd (**Nhill**) were granted various options to subscribe for ordinary shares in Guvera, including if a default subsisted under those Facilities. Pursuant to a Deed of Cancellation and Replacement of Options dated 10 April 2016, all such options have been cancelled. Pursuant to the Deed, Guvera has granted Nhill a total of four million options, in a form and substance and on terms reasonably satisfactory to Coterie, to acquire ordinary shares in Guvera, with an exercise price of \$0.01 per option and with an exercise date of the later of 31 December 2018 and the date which falls 2 years after the date on which Guvera is listed on the Australian Stock Exchange (provided that if Guvera is not listed on the Australian Stock Exchange, the exercise date shall be 31 December 2018).

9.5.3 Professional support services provided by Brad Christiansen trading as Ophelimos

Guvera has entered into a service provider agreement with Brad Christiansen trading as Ophelimos as trustee of the Christiansen Family Trust (Ophelimos) for Brad Christiansen to provide professional support services to Guvera in relation to the management of Guvera's patent strategy and ongoing legal matters concerning Blinkbox and Michael de Vere. These legal matters are summarised in **Section 15.12**. Guvera pays a fee of AUD\$6,000 per month for these services.

The agreement has a term of 12 months with the option to extend on a monthly basis. Guvera or Ophelimos may terminate the agreement on 60 days written notice. Guvera also may immediately terminate the agreement in certain circumstances, such as where Ophelimos breaches the agreement. Pursuant to the contract, Ophelimos is subject to obligations of confidentiality and a non-compete.

9.5.4 Services previously provided by Brad Christiansen

Prior to the existence of the service provider agreement between Guvera and Ophelimos, Guvera had an arrangement in place with Brad Christiansen to provide project management services in respect of ongoing legal work, the Offer and Listing. For those services, Guvera paid Brad Christiansen \$15,000 per month. That arrangement was in place for 12 months and has now come to an end.

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9.5.5 Professional support services provided by Union 32 Pty Ltd

For approximately two years prior to the Prospectus Date, Guvera had an arrangement with Union 32 Pty Ltd pursuant to which Union 32 Pty Ltd provided film consulting services and production equipment for the creation of content by House of Guvera. Guvera paid Union 32 Pty Ltd \$10,000 per month for its services. That arrangement has now come to an end.

Guvera and Union 32 Pty Ltd are related parties pursuant to Chapter E of the Corporations Act by virtue of the fact that Claes Loberg is the sole director of Union 32 Pty Ltd and the sole shareholder of Union 32 Pty Ltd is World Leading Brands (Management) Pty Ltd of which Claes Loberg's wife is the sole director and shareholder. Claes Loberg is a Director of Guvera.



10. KEY INVESTMENT RISKS

10. KEY INVESTMENT RISKS

10.1 Introduction

This section of the Prospectus identifies the areas that the Board of Directors believe are the major risks associated with an investment in Guvera.

The Guvera business is subject to risk factors, both specific to its business activities and of a general nature. Individually, or in combination, these might affect the future operating performance of Guvera and the value of an investment in Guvera. There can be no guarantee that Guvera will achieve its stated objectives or that any forward-looking statements will eventuate. An investment in Guvera should be considered in light of relevant risks, both general and specific. This section should be read in conjunction with other information disclosed in this Prospectus. Each of the risks outlined in this section could, if eventuated, have a material adverse impact on Guvera's operating performance and profits. Before deciding to invest in Guvera, prospective Investors should:

- read the entire Prospectus;
- satisfy themselves that they have a sufficient understanding of all matters contained in this Prospectus;
- review these factors in light of their personal circumstance; and
- seek independent professional advice from their accountant, stockbroker, tax adviser, lawyer or other professional advisers before deciding whether to invest.

10.2 Industry risks

An analysis of some of the specific business risks facing Guvera are outlined in the following information. There are a number of risks that are specific to the digital music and entertainment sector or to Guvera in particular. However, there may be unforeseen events or risks that emerge, which are outside management's control. These key risks include:

10.2.1 Evolving brand-funded music streaming market

Brand-funded music streaming is an evolving market and Guvera's current business and future prospects are difficult to evaluate. The market for advertisement-funded music streaming has undergone substantial change in the past few years and is subject to significant challenges. Importantly, some advertisement-funded music streaming services have had to adopt 'freemium' (free premium) tiers of services or subscription services, as consumer preferences have shifted towards accessing content in a minimally-disruptive, advertisement free environment.

Investors should consider Guvera's business and prospects in light of the inherent risks associated with operating in a rapidly evolving market, including Guvera's:

- relatively new and evolving business model;
- ability to retain Users and increase the number of Users;
- ability to retain existing brands and attract new brands to the platform and its associated suite of advertising products and solutions;
- ability to secure global distribution agreements with distributors of devices including mobile devices,
- laptops, computers and User electronic products; and
- operation under an evolving music industry licensing structure, which may undergo significant change.

Failure to successfully address these risks and other challenges associated with operating in an evolving market could inhibit the implementation of Guvera's intended business plan and significantly harm Guvera's operating results and financial condition.

10.2.2 Ability to secure licensing agreements with music and entertainment companies

Guvera's business model heavily depends on securing short and long-term licensing agreements with both global and local music labels and publishers to stream their catalogues of music. The standard licensing period granted by music labels and publishers to Guvera

is typically between 12 and 24 months with an option to extend at the sole discretion of the music label or publisher. In addition, the music labels and publishers often have broad rights to terminate licensing agreements, such as terminating the agreement without any cause, by providing Guvera with a short period of written notice.

There is a significant risk that if the music labels and publishers terminate their existing licence agreements with Guvera or if Guvera is unable to enter into new licensing arrangements on commercially acceptable terms with key global music labels and publishers (such as those with extensive Blanket Rights), Guvera will not have any access to music rights and will be unable to provide its Users with music to stream. This may cause Guvera to cease operating in one or more markets. Furthermore, any loss of music rights will likely result in Guvera being unable to attract and retain brands, which would detrimentally affect Guvera's business, financial performance and future prospects.

10.2.3 Business contracts/counterparties

In addition to Guvera's music and publishing license agreements, there are a number of existing contracts that are material to Guvera's business. Many of these contracts are, or will be, governed by laws other than the laws of Australia. There may be difficulties in enforcing contracts in jurisdictions other than Australia. There may also be regulatory or practical considerations that frustrate the enforceability, or enforcement, of such contracts against foreign or foreign owned counterparties. These matters may have a significant adverse effect on Guvera's ability to enforce its contracts and may have a significant adverse effect more generally on Guvera's business and performance.

Further, there is a risk that if Guvera deals with a third party that becomes insolvent, this may also have a significant adverse effect on Guvera's business operations and financial performance.

Many of Guvera's agreements with music labels and publishers and brands are short-term (one year or less), after which time the parties may agree to extend the agreement or negotiate an agreement on different terms, or otherwise terminate the agreement. Guvera's decision to extend agreements or to negotiate and enter into new agreements depends on a variety of factors, including the perceived return on investment, the effectiveness and relevance of Guvera's advertising products, pricing structures, Guvera's ability to deliver large volumes of ad Impressions and the precise types of ads to targeted demographics. If Guvera is unable to extend its existing agreements or negotiate revised agreements on commercially acceptable terms, this may have an adverse effect on its ability to conduct its business and on Guvera's financial performance.

10.2.4 Efforts to retain and expand User base and increase overall engagement

Guvera's ability to expand its business and generate advertising revenue depends on its efforts to retain and expand its User base, as well as increase the numbers of hours Users listen to music on the platform and overall User engagement.

As Users increasingly engage with content on Guvera's platform, Guvera must sell increased amounts of advertising Inventory to its User base.

There are several challenges Guvera must navigate effectively in order to retain and expand its User base and increase overall User engagement. There is a risk that if Guvera does not:

- provide Users with a high-quality, engaging and personalised experience;
- continue to build and select relevant and diverse music and entertainment content; and
- continue to innovate and provide innovative technological solutions,

Guvera will not be able to retain and expand its Users, or increase overall User engagement, which may substantially affect Guvera's ability to generate revenue, its financial performance and future prospects.

10. KEY INVESTMENT RISKS

10.2.5 Competition risk: online and digital music providers

Guvera competes with a number of online and digital music providers to attract and retain Users, and to maximise the number of hours Users listen to music on the platform and overall User engagement.

Guvera's competitiveness in any given market depends on a number of factors such as the quality of a User's experience, the price and accessibility of Guvera's service, brand awareness, the volume and diversity of Guvera's music content as well as the number of alternative forms of audio media and entertainment services that exist in the market.

Guvera's key competitors comprise subscription and advertisement-supported online and on-demand music providers such as Spotify, Apple Music and Deezer; online radio providers such as Pandora; content streaming platforms such as YouTube and Vevo; pay-per-download platforms such as Apple's iTunes and Amazon Music; and various other businesses that deliver audio media content through mobile phones and other consumer electronic devices.

Guvera also faces increasing competition for Users and Users from a growing variety of media content providers. In particular, a significant and growing threat comes from Amazon, Apple, Facebook and Google, who have the financial resources, technical expertise and digital media experience to offer competing music services. Their ability to leverage their existing consumer bases and proprietary technologies to create superior products and services that have the potential to dramatically reduce the number of Users on Guvera's platform.

If Guvera cannot successfully compete in any given market, its business, operating results and financial position could be adversely affected.

10.2.6 Competition risk: piracy

Although digital piracy is illegal, there is a significant risk that new Users may not join or existing Users may cease to use Guvera's streaming platform and instead illegally download music content. The lack of new Users or loss of existing Users will likely result in Guvera being unable to attract and retain brands, which would detrimentally affect its business, financial performance and future prospects.

10.2.7 Competition risk: ability to attract brands to a new and alternative form of online advertising

The majority of Guvera's revenue is derived from the sale of advertising, and the Directors believe this will continue to be Guvera's primary revenue source in the future. Guvera's ability to generate brands revenue depends on its capacity to attract and retain advertisers.

Guvera's capacity to continue to generate advertising revenue depends on a number of factors, such as:

- increasing the number of monthly Users on the platform;
- increasing User engagement on the platform;
- competing effectively for advertising business from other online marketing mediums;
- continuing to develop innovative advertising solutions and products; and
- keeping up to date with changes in technology and competitor innovations.

Guvera's platform for brands is unique and is in its early stages of development. As such, there is a risk that brands may be cautious in engaging with Guvera and may seek to advertise on more traditional advertising platforms instead.

10.2.8 Managing rapid growth

Guvera has recently experienced, and expects to continue to experience, rapid growth in the number of new Users. Growth is anticipated to result in an increased level of responsibility for Guvera's management personnel, and will place increased demands on Guvera's operational and financial infrastructure. Guvera expects its aggressive growth strategy will require substantial financial, operational and technical resources.

If Guvera is unable to manage its expected growth successfully, Guvera may not be able to maintain reliable service levels for its Users, develop or improve its operational, financial and management controls, meet its obligations under its advertising agreements, execute its business plan or respond to competitive pressures, any of which may have a significant adverse effect on Guvera's operations and financial position.

10.2.9 Reliance on key personnel

The successful operation of Guvera's business relies on its ability to attract and retain experienced personnel and for those personnel to continue to successfully innovate and develop Guvera's product offering and business. If Guvera is unable to attract and retain key personnel this may adversely affect its ability to innovate, develop new products, refine existing product offerings or implement its business strategies.

10.3 Intellectual property risks

10.3.1 Failure to protect intellectual property or independent development of technology

The Directors regard substantial elements of the websites, software tools, applications, User databases and underlying platform technology as proprietary. Guvera's success depends, in part, on its ability to obtain, maintain and protect its intellectual property, including its patents and trademarks. Despite precautionary measures, actions taken by Guvera to protect its intellectual property may not be adequate, complete or enforceable, and may not prevent the misappropriation of its intellectual property or proprietary information, or deter the independent development of similar technologies by others.

Guvera may also suffer damage if former employees infringe its intellectual property rights or assert their moral rights. The granting of a patent does not guarantee that its intellectual property is protected and that others will not develop similar technologies that circumvent such patents. There can be no assurance that any patents Guvera owns, controls or licenses, whether now or in the future, will give Guvera commercially significant protection of its intellectual property.

The monitoring of unauthorised use of Guvera's intellectual property rights is difficult and can be costly. Guvera may not be able to detect the unauthorised use of its intellectual property rights. Changes in laws in Australia and in other jurisdictions in which it operates may also adversely affect Guvera's intellectual property rights.

10.3.2 Development and commercialisation of intellectual property

Guvera relies on its ability to develop and commercialise its intellectual property. A failure to do this successfully could lead to loss of opportunities and adversely affect the operating results and financial position of Guvera.

In addition, there is a risk that Guvera's competitors may be able to develop competing or superior technologies with greater commercial appeal in the fields in which Guvera operates which may negatively affect Guvera's future prospects. Any legal action that Guvera may take to protect its proprietary information could be costly, time-consuming and expensive, and may divert management's attention away from its main business operations.

10.3.3 Infringement of third-party intellectual property rights

Digital media companies are often the subject of litigation relating to alleged misappropriation, infringement and other violations of intellectual property rights. Many digital media companies, including Guvera's competitors, own large numbers of patents, copyrights, trademarks and trade secrets, which they may use to assert claims against Guvera. There is a risk that as competition in the digital advertising industry increases, claims alleging infringement of intellectual property rights may be made against Guvera.

Although Guvera is not currently the subject of any intellectual property infringement claim and has no reasonable basis to

10. KEY INVESTMENT RISKS

expect that it will become the subject of any intellectual property infringement claim, allegations of this kind may be received in the future and, if successful, injunctions may be granted against Guvera which could materially affect its operations, its ability to earn revenue and may cause disruptions to its operations. The defence and prosecution of any intellectual property rights lawsuits, proceedings, and related legal and administrative proceedings are costly and time-consuming, and their outcome is uncertain.

10.3.4 Trade secrets

In addition to its patents, trademarks and licensing activities, Guvera also relies on protecting its trade secrets. Actions taken by Guvera to protect its trade secrets may not be adequate and any failure to adequately protect Guvera's trade secrets could erode the Company's competitive advantage.

10.4 Financial risks

10.4.1 Repayment plans

In April 2015, Guvera contracted with an American multinational bank to raise AUD\$100 million of private equity funds. Despite repeated presentations and meetings, the expected funds did not eventuate. As a result, AMMA was then engaged to raise funds to meet Guvera's ongoing operational requirements. Despite AMMA raising AUD\$40.8 million of equity on behalf of Guvera, there was a cash shortfall at 31 December 2015. This necessitated Guvera entering into a repayment program with some of its major suppliers and key creditors to ensure it was able to continue to operate while a pre IPO capital raising progressed. The total amount of the liabilities in this repayment program was AUD\$19.5 million, including a liability to the Australian Taxation Office of approximately AUD\$0.8 million and a superannuation liability of AUD\$0.3 million. The amount of these liabilities that are still outstanding, in addition to liabilities incurred from 1 January 2016 to 31 March 2016, will be paid from the proceeds from this Offer (see Exhibit 12.1).

Arrangements have been made with the ATO for the outstanding debt to be cleared. For further information see **Section 12.2.2**.

There is a risk that if Guvera breaches any terms of the repayment plans, it may be subjected to fines, penalties or legal action which may adversely affect Guvera's financial performance.

10.4.2 Additional requirements for capital, dilution and solvency

Guvera's capital requirements are dependent on numerous factors including its business development activities, future expansion plans, prospective operating cash burn rate and advertising revenues. The Directors believe that Guvera's available cash and the net proceeds to be raised under the Offer should be sufficient to meet its current and proposed business activities in the short term, as stated in this Prospectus.

However, depending on Guvera's ability to generate income from its operations, Guvera may require further funding to operate or expand its business. If Guvera is unable to obtain additional funding as needed, it may not be able to maintain the competitiveness of its technology, pursue business opportunities, service Users or attract and retain advertising customers, each of which could inhibit the implementation of Guvera's business plan and strategic objectives.

Furthermore, any additional equity finance raised may dilute Shareholders' interests in Guvera, to the extent that Shareholders do not participate in any equity raising or are not entitled to participate in any equity raising, and any additional debt finance raised may involve restrictions on Guvera's financing and operating activities.

There is a risk that if Guvera requires, but is unable to obtain, additional debt or equity funding in the future, Guvera may become unable to pay its debts as and when they fall due and payable. In such circumstances, an administrator, receiver and manager or liquidator may be appointed and, in such a case, there is a significant risk that Shareholders will not be able to realise any value in their Shares.

As disclosed in **Section 12.7**, investors should consider that, although the audit report by Ernst & Young on the 30 June 2015 financial report and the review statement on the 31 December 2015 financial report were both unqualified, both reports did contain an emphasis of matter with respect to matters related to "going concern".

10.4.3 History of operating losses

Guvera has a history of operating losses and expects operating losses and negative operating cash flow to continue in the future as it continues to increase investment in its businesses. Guvera may experience increases in operating and other expenses without a corresponding increase in revenue. Increases may be due to costs associated with Guvera's international expansion strategy, advertising costs, key contract costs and exchange rate pressures from various counterparties.

Further, there is a risk that if Guvera's future growth and operating performance fails to meet investor or analyst expectations, or if Guvera has future negative operating cash flow or operating losses, this could detrimentally affect Guvera's business, financial performance and future prospects.

10.4.4 Foreign exchange rates

Guvera operates in Australia and internationally. Guvera therefore earns revenues and incurs costs in a range of currencies, including Australian dollars, US dollars and Euros, and this is likely to continue given Guvera's proposed expansion strategy outlined in this Prospectus. The majority of Guvera's key payments and intercompany transfers are in foreign currency. Unfavourable movements or any changes in foreign currency markets could affect Guvera's financial performance and position. Guvera's financial statements are prepared and presented in Australian dollars and any appreciation in the Australian dollar against other currencies in which Guvera transacts may adversely affect its financial performance and position.

10.4.5 Financial information

Various factors and risks, both known and unknown and many of which are outside the control of Guvera, may impact upon the performance of Guvera and cause actual performance to vary significantly from expected results. There can be no guarantee that Guvera will achieve its stated objectives or that any forward-looking statements will prove to be accurate.

10.5 Technology risks

10.5.1 Technology platform risk

Guvera's business model is underpinned by the software and technology platform that Guvera has designed and built in order to deliver its services. There is a risk that the software and technology platform will not perform as intended or expected, or not perform at all, if:

- Guvera cannot adequately ensure that the security of the system is maintained at all times, including in relation to the personal information that Guvera collects;
- Guvera is unable to keep up to date with technological advancements or changes in infrastructure which are required in order to support Guvera's expected growth of User, brands and music providers, and the continued operation of Guvera's technology platform;
- Guvera fails to transact with suitable partners, or joint ventures, in order to assist in the management of increased data volumes to satisfy Guvera's expected growth and penetration into developing markets; or
- Multimedia technology is not constantly being updated, and as a result becomes superseded and/or obsolete.
- Guvera must continue to update and develop its systems to meet these changes in technology, which will inevitably require substantial capital investment.

There is a risk that a failure to ensure the technology platform's security, to quickly adapt to new technological advances or to engage with competent and successful service providers may affect

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the continued operation and development of Guvera's technology platform, which may consequently affect Guvera's profitability, continued growth and future prospects.

10.5.2 Data loss theft or corruption

Hacking or exploitation of any vulnerability on Guvera's technology platform could lead to the loss, theft or corruption of data. This could render Guvera's services unavailable for a period of time while the data is restored. It could also lead to the unauthorised disclosure of consumer data, which may result in reputational damage, claims by consumers, regulatory scrutiny and fines. Although Guvera employs strategies and protections to try to minimise security breaches and to safeguard data, these mechanisms might not be entirely successful. Any data loss, theft or corruption may disrupt Guvera's day to day operations and may adversely affect Guvera's reputation and the client's ability to use the products, which may significantly affect Guvera's financial performance.

10.5.3 Dependence on internet infrastructure

Guvera's platform is dependent on the ongoing development and maintenance of the global, regional and local internet infrastructure it utilises to provide the necessary data speed, capacity and security required to operate its technology platform and offer its services. Growth in the number of internet users and the amount of online traffic has increased significantly in recent years, particularly in emerging markets. Due to the ever-increasing number of internet users in these markets, there can be no assurance that the internet infrastructure in these areas will be able to continue to support the demands that ensue from such growth.

Guvera's ability to deliver services in the future will depend on third party internet service providers and wireless telecommunications companies expanding their high-speed internet access and wireless network offerings, particularly in emerging markets. Guvera's ability to offer its services will also depend on these internet service providers maintaining reliable networks and developing complementary products and services to provide consistent and timely wired and wireless internet access. To the extent that third party internet service providers are unable to achieve these objectives, there is a risk that Guvera's operations, and consequently its financial performance, will be adversely affected. Viruses, worms, other programs, power cuts and problems with the providers of telecommunications infrastructure that supports networks may also harm the performance of the internet. Any ongoing or serious disruptions to the performance of the internet in the markets in which Guvera operates will adversely affect its operations and growth plans, and could damage Guvera's business reputation.

10.5.4 Reliance on third-party software and related service providers

Guvera's applications and service offerings incorporate, and rely in part on, certain third party software. Guvera has no control over the development and maintenance of the third party software on which it relies. There is a risk that the effective operation of Guvera's applications and service offerings could be impaired if errors occur, or defects are identified, in the third-party software that Guvera implements. There is a risk that any such errors or defects could significantly affect Guvera's business, its ability to operate its application and services, which may pose risks to Guvera's operating and financial performance.

10.6 Tax risks

10.6.1 Carry forward tax losses

In aggregate, Guvera has carry forward tax losses of AUD\$59.5 million at 30 June 2015 across the Australian entities, which may be carried forward and offset against future taxable income of the relevant entity, subject to satisfaction of the Same Business Test. The tax losses are not able to be transferred between the Australian entities.

As at the Prospectus Date, Guvera does not meet the Continuity of Ownership Test and is unable to opine whether each Australian entity will satisfy the Same Business Test for each bundle of tax losses to

be permitted to carry forward such losses to offset against future taxable income.

As at the Prospectus date, Guvera is unable to quantify the existence of carry-forward tax losses in foreign jurisdictions (refer to **Section 10.6.2** below). The availability of tax losses in foreign jurisdictions is subject to confirmation by regulatory bodies and satisfaction of relevant loss recoupment tests.

10.6.2 International transactions

Each entity has a requirement to record the appropriate tax liability for its local country and to make the applicable payments to the tax regulator in their local country. The Company relies on local tax agents to prepare and lodge the applicable tax returns. As at the date of the Prospectus, current tax returns have not been lodged, but are in the process of being lodged. Historical tax returns have either been lodged or are in the process of being lodged, but no assessments have yet been made by the local tax regulators. This gives rise to a risk that the appropriate level of tax has not been recorded correctly in each country or that tax payments that were due have not been made to the relevant tax regulator. Any outstanding tax payments may be subject to fines, penalties and interest.

Various entities in the Guvera Group enter into transactions with each other and/or with other third parties (ie music labels, publishing societies, etc). These transactions are often cross border and can give rise to withholding tax liabilities. There is a risk that such withholding tax has not been remitted to the relevant tax regulator and is not able to be recovered from the third parties. Any outstanding withholding tax payments may be subject to fines, penalties and interest.

10.7 Other risks

10.7.1 Prospective information

Given Guvera's recent growth in new Users and the fact that Guvera is not yet cash flow positive or earning an operating profit, the Directors are not in a position to provide forecasts or projections as to potential future earnings which can be relied upon. There is no guarantee that the assumptions on which the development strategies of the Board, or those upon which Guvera bases its decisions, will ultimately prove to be valid or accurate. An investment in Guvera is therefore speculative and should be approached cautiously.

10.7.2 Acquisitions of other companies or technologies

Guvera may seek to acquire or invest in businesses, products or technologies that the Directors believe could complement or expand Guvera's service, enhance its technical capabilities or otherwise support its growth strategy. The risks faced by Guvera in relation to a future acquisition will depend on the terms of such transaction at the time. Future acquisitions may affect the value of, and returns from, an investment in Shares. There can be no assurances that Guvera will be able to identify, complete or integrate suitable acquisitions successfully or that any future acquisitions will enhance the investment returns for Shareholders.

There is also a risk that the pursuit of potential acquisitions may divert the attention of Guvera's key managers and cause the Company to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are completed and integrated into the business.

10.7.3 Geographic expansion plans

Guvera is currently operational in 10 countries and it has a long-term strategy to increase its presence in other international markets, particularly emerging markets. Expanding into foreign jurisdictions involves substantial investments of time, capital and other resources and exposes Guvera to numerous risks and challenges. These include but are not limited to:

- the need to modify certain technology and sell its product in non-English speaking countries;
- the need to localise its service to cater to foreign customers,

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- preferences and customs;
- difficulties in managing operations due to language barriers, distance, staffing, cultural differences and business infrastructure constraints;
- the application of foreign laws and regulations;
- fluctuations in foreign exchange rates;
- reduced or ineffective protection of intellectual property rights in some countries; and
- potential adverse tax consequences associated with foreign operations and revenue.

There is no assurance that Guvera's stated objective of expanding its operations globally, and in particular in emerging markets, will be successful, or will enhance investment returns for Shareholders. There is a risk that any expansion plans or entry into foreign markets may have adverse effects on Guvera's financial performance and its future operations.

10.7.4 Brand and reputation damage

The brand and reputation of Guvera and its service is important in retaining and increasing the number of Users who utilise the Guvera platform, and in attracting and retaining brands. Any damage to the Guvera brand or reputation could prevent Guvera from successfully implementing its business strategy and achieving its stated objectives. There is a risk that any reputational damage or negative publicity could also adversely affect Guvera's business and its future growth and profitability. As described in **Section 9.5.1**, AMMA is a 'related party' of Guvera. Given the recognised association between Guvera and AMMA, any damage to AMMA brand or reputation, or negative publicity in relation to AMMA, could also have a negative effect on, and could damage the brand or reputation of, Guvera.

10.7.5 Compliance and corporate governance

As outlined in **Section 5**, Guvera expanded its operations in a relatively short period of time. There is a risk that Guvera's internal compliance and corporate governance practices have not adequately kept pace with Guvera's rapid growth. In particular, while Guvera has endeavoured to consistently communicate with Shareholders and stakeholders prior to Listing, there may have been occasions where Guvera's communications did not strictly accord with the technical continuous disclosure obligations imposed by the Corporations Act on 'disclosing entities' such as Guvera. Consequently, there is a risk that ASIC or an aggrieved third party may take issue with any such noncompliance.

10.7.6 Litigation

Guvera may, in the ordinary course of business, be involved in disputes which may give rise to litigation. While the extent of any such dispute and resulting litigation cannot be ascertained at this time, it may be costly and may adversely affect the operational and financial results of Guvera.

See **Section 15.12** for details in relation to current litigation to which Guvera is a party.

10.7.7 Absence of dividends

The Board is yet to establish a dividend policy and does not expect to pay dividends in the near term. Guvera does not currently earn a profit and, while it continues to expand its business operations, Guvera expects to continue to reinvest in its growth rather than distribute profits in the form of dividends. The ability of Guvera to pay any dividend in the future is dependent on many factors. The Directors do not give any assurances regarding the payment of dividends in the future.

10.7.8 Related party transactions

Guvera has entered into a number of arrangements with related parties. Please refer to **Section 9.5** for a summary of these related party arrangements. The Directors have formed the view, and continue to believe that, all such arrangements entered into by Guvera with related parties are on commercial terms and such arrangement comply with the Corporations Act and other relevant laws. However, there is a risk that these arrangements may be deemed by a court not to have been entered into on commercial terms.

10.7.9 Sensitivity to data costs

In order to stream music on user the Guvera app, Guvera's Users require internet access. Guvera's Users may choose to stream music and utilise Guvera's services on a range of devices, and may access the internet in a variety of ways including wireless networks or using data on mobile devices. There is a risk that increased rates of digital content consumption on mobile devices may result in an increase in mobile data consumed by Guvera's Users, and as such, there is a risk that Users may discontinue streaming digital content due to increased costs associated with excess data usage.

10.7.10 Documentation

Certain arrangements between Guvera and third parties, such as certain music rights bodies, are less formal or are continuing on rolling terms notwithstanding that the initial term of the relevant agreement has expired. There is a risk that any arrangements which are not properly documented or which have expired may cease in the future, or may affect Guvera's ability to enforce such arrangements.

10.7.11 Sale of large number of Shares

On Listing, Shareholders will be able to offer their Shares for sale on the ASX. If Shareholders with large numbers of Shares offer their Shares for sale immediately after listing, or anytime thereafter, and there is insufficient demand for their Shares to maintain Guvera's then current share price, there is a risk that the share price will drop significantly.

As disclosed in **Section 15.12.2**, Guvera is currently in a legal dispute with Michael de Vere, a former Director. While a Director of Guvera, Michael de Vere obtained a significant number of Shares. Whilst those Shares are currently the subject of a court-imposed freezing order, it is possible that the Federal Court could lift the freezing order after the Prospectus Date and prior to Listing, or at some time in the future following Listing. If this occurs, there is a risk that Michael de Vere will seek to sell all or a large portion of his Shares. Due to the number of Shares held by Michael de Vere, this could have a significant negative impact on Guvera's share price following such sale.

10.8 General risks of an investment in Guvera following Listing

10.8.3 Price of Shares

Once Guvera is admitted to the Official List of the ASX, it will become subject to general market risk that is inherent in all securities listed on a securities exchange. This may result in fluctuations in its Share price that are not explained by Guvera's fundamental operations and activities. There is no assurance that the price of the Shares will increase following quotation on the ASX. The price of Guvera's Shares following admission to the Official List of the ASX may rise or fall and the Shares may trade above or below the Offer Price due to a number of factors, including:

- general economic conditions, in Australia and globally, including interest rates, exchange rates, inflation rates and commodity prices;
- fluctuations in local and global markets for listed stocks;
- changes in taxation rates, taxation laws, accounting principles, government legislation or regulation;
- the nature of the markets in which Guvera operates;
- general and operational business risks; and
- natural disasters, social upheaval, global hostilities, tensions and acts of terrorism, especially in countries in which Guvera operates.

10.8.4 General economic conditions

Guvera's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Movements in interest rates, inflation rates and currency exchange rates may have an adverse effect on Guvera's activities, as well as on its ability to fund those activities.

10. KEY INVESTMENT RISKS

The prolonged deterioration of general economic conditions may also have an adverse impact upon Guvera's operating and financial performance. Such deterioration may also have an adverse effect on advertising budgets. Brands' advertising spending generally tends to reflect overall economic conditions and market sentiment, such that if economies stagnate, it is possible that brands will reduce their spending which could have an adverse effect on Guvera's financial performance and position.

10.8.5 Liquidity

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few buyers or a relatively high number of sellers of Shares on ASX at any given time. This may increase the volatility of the market price of Shares. It may also affect the market price at which Shareholders are able to sell their Shares.

Following Listing and based on Minimum Subscription, it is expected that approximately 53.6% of the fully diluted Shares on issue will be subject to ASX-imposed escrow which will restrict the Escrowed Shareholders from dealing in their Shares until they are released from escrow for up to 24 months following the date on which Guvera's Shares commence trading on ASX. These disposal restrictions may cause, or at least contribute to, limited liquidity in the market for the Shares until the Restricted Securities are released from escrow. This could affect the market price at which Shareholders are able to sell their Shares.

Furthermore, when the ASX-imposed escrow over such Restricted Securities ends, the Escrowed Shareholders may seek to dispose of their Shares in order to realise a return on their initial investments in Guvera. Accordingly, such significant excess supply of Shares on the market may result in downward pressure being applied to the price at which Shares will trade on ASX.

10.8.6 Government regulations

Guvera will be subject to local laws and regulations in each of the jurisdictions in which it operates (including taxation legislation). New laws or regulations may be introduced in the future that concern various aspects of the internet, including online content, e-commerce, foreign ownership of internet and media companies, liability for third-party activities and consumer privacy. There is a risk that any of these changes could affect Guvera's operations.

Further, changes in the rules of industry organisations, changes in, or extensions of, laws and regulations affecting either the music and entertainment industries or internet businesses in the jurisdictions in which Guvera operates may restrict or interfere with Guvera's operations, and significantly increase its compliance costs.

10.8.7 Changes in taxation laws or their interpretation

Changes in taxation laws, or changes in the way taxation laws are interpreted, may impact Guvera's tax liabilities, Shareholder returns, or the tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change. The tax information provided in this Prospectus, in **Section 14**, is based on taxation law as at the Prospectus Date.

Taxation laws frequently change, both prospectively and retrospectively. Any actual or alleged failure to comply with, or any change in the application or interpretation of taxation rules applied in respect of such transactions, may increase Guvera's tax liabilities or expose it to legal, regulatory or other actions. In addition, an investment in the Shares involves taxation considerations which may differ for each Shareholder. Each prospective shareholder is encouraged to seek professional tax advice in connection with any investment in Guvera.

10.8.8 Changes in accounting standards

Australian Accounting Standards are issued by the AASB and are not within the control of Guvera or the Directors. Any changes to these accounting standards or to the interpretation of these standards may have an adverse effect on the Guvera's reported financial performance and position.

10.8.9 Insurance

Guvera insures its business and operations. However, this insurance may not be of a nature or level to provide adequate cover to insure against the occurrence of all events that may impact on the operations of Guvera. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial conditions and results of Guvera.



11. DETAILS OF THE OFFER

11. DETAILS OF THE OFFER

11.1 Description of the Offer

The Offer is an initial public offering of between 40,000,000 Shares (based on the Minimum Subscription) and 80,000,000 Shares (based on the Maximum Subscription) in Guvera at the Offer Price of AUD\$1.00 per Share. Guvera has the ability to accept Oversubscriptions for a further 20,000,000 Shares.

The Offer is expected to raise approximately between AUD\$40,000,000 based on the Minimum Subscription and AUD\$80,000,000 based on the Maximum Subscription.

However, Guvera reserves the right to accept additional subscriptions for Shares to raise up to an additional AUD\$20,000,000 over the Maximum Subscription. No Shares will be issued until the Minimum Subscription has been received.

Following Completion of the Offer, there will be:

- 1,279,865,836 Shares on issue based on the Minimum Subscription
- 1,319,865,836 Shares on issue based on the Maximum Subscription
- 1,339,865,836 Shares on issue based on an Oversubscription.

Following Completion of the Offer, all Shares will rank equally with each other. A summary of the rights attaching to the Shares is set out in **Section 11.18**.

On Completion of the Offer, approximately 691,137,423 Shares and 13,874,651 Options representing 53.6% of the fully diluted Shares on issue (based on a Minimum Subscription), 52.1% of the fully diluted Shares on issue (based on a Maximum Subscription) and 51.4% of the fully diluted Shares on issue (based on an Oversubscription), will be held by Escrowed Shareholders and will be subject to escrow agreements described in **Section 15.5**.

Accordingly, following Completion of the Offer the number of quoted Shares will be:

- 588,728,413 based on Minimum Subscription
- 628,728,413 based on Maximum Subscription
- 648,728,413 based on Oversubscription

The Offer is partially underwritten by the Underwriter, who has entered into an Underwriting Agreement in respect of the Offer. Under the Underwriting Agreement, AMMA Private Equity has agreed to Underwrite AUD\$10,000,000 of the funds raised under the Offer conditional on Guvera raising AUD\$30,000,000 under the Offer. Under certain circumstances, the Underwriter may terminate the Underwriting Agreement. These circumstances are set out in **Section 11.10**.

11.1.1 Structure of the Offer.

The Offer comprises:

- the General Offer to Australian-resident Retail Investors;
- the Broker Firm Offer which consists of an invitation to Australian-resident Investors who have received a firm allocation from one of the Brokers; and
- the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions for Shares under the Institutional Offering Memorandum or this Prospectus (as applicable).

Allocations of Shares under the General Offer, Broker Firm Offer and Institutional Offer will be made after consultations between the Lead Manager, Underwriter and Guvera. Applicants are not guaranteed any allotment of Shares.

Until the Shares are transferred to successful Applicants, any Application Monies for Shares offered under this Prospectus will be held on trust for Applicants. If the Offer is withdrawn, Application Monies will be fully refunded. No interest will be paid on the Application Monies.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

11.1.2 Purpose of the Offer and use of Offer proceeds

The purpose of the Offer is to:

- achieve listing on ASX and provide a liquid market for the Shares;
- provide Guvera with the benefits of an increased profile, transparency and credibility that arises from being a listed entity;
- provide Guvera with ongoing access to the capital markets to improve capital management flexibility; and
- repay creditors, debts and provide working capital for ongoing operations as set out in **Section 11.1.3**.

11. DETAILS OF THE OFFER

11.1.3 Sources and uses of funds

The total gross proceeds of the Offer will be equal to the number of Shares issued by Guvera under the Offer multiplied by the Offer Price. Those proceeds will be applied as follows:

Exhibit 11.1.3							
Source of Funds	Min AUD\$40,000,000	%	Max AUD\$80,000,000	%	Cap AUD\$100,000,000	%	
Use of funds	Use of funds based on Minimum Subscription received		Use of funds based on Maximum Subscription received before Oversubscriptions		Use of funds based on Maximum Subscription and Oversubscriptions received		
Transaction costs associated with the Offer	6.6	16.5	9.5	11.9	10.8	10.0	
Retirement of debt at 31 December 2015	1.6	4.0	16.1	20.1	16.1	16.1	
Net cash movement between 1 January 2016 and 31 March 2016	1.5	3.7	1.5	1.9	1.5	1.5	
Creditor repayments (for creditors subject to repayment arrangements as at 31 March 2016)	17.2	43.0	17.2	21.5	17.2	17.2	
Retirement of debt borrowed after 31 March 2016	4.5	11.2	4.5	5.6	4.5	4.5	
Sales expansion - Asia Pacific	4.8	12.0	18.6	23.2	26.0	26.0	
Sales expansion - US	1.3	3.3	5.3	6.6	12.0	12.0	
Sales expansion - Other	1.2	3.0	5.3	6.6	9.4	9.4	
Platform development	0.8	2.0	1.0	1.3	1.5	1.5	
Corporate support	0.5	1.3	1.0	1.3	1.0	1.0	

Guvera's primary focus is to:

- provide Users with free access to music by using a proportion of the revenue that it receives through the sales of advertising space
- develop and enhance its patented brand-funded model

To enable this, Guvera would use a portion of the proceeds of the Offer for sales expansion (which includes sales and business development, marketing, expenses and operations) in the focus markets (see **Section 5.1**) with increased expenditure into the US market due to the opportunities the Directors expect will arise in that market.

A portion of the proceeds of the Offer would be used for the current development program to expedite the enhancements of features on the platform.

The Directors believe that on Completion of the Offer, should Guvera only raise the minimum amount of cash proceeds from the Offer, then it is likely that Guvera will have to raise debt or additional capital in the second half of the financial year to meet its stated business objectives. The Directors believe that on Completion of the Offer, should Guvera raise the maximum amount of cash proceeds from the Offer, Guvera will have sufficient funds available from the cash proceeds of the Offer to meet its stated business objectives. Like a number of early stage companies, the importance of getting market share and rapidly growing the business in its focus markets may require sales and marketing expenditure higher than anticipated. In addition, as market opportunities arise from time to time that are attractive to Guvera, the Company may seek to raise additional capital or incur debt to meet its needs, as and when it is required.

11.1.4 Existing Shareholders and Optionholders

Immediately prior to commencement of the Offer, Guvera will have 1,239,865,836 Shares on issue.

Additionally, immediately prior to Completion of the Offer, Guvera will have 28,504,651 Options on issue. The table below outlines a summary of the various tranches of Options on issue immediately prior to Completion of the Offer.

11. DETAILS OF THE OFFER

Exhibit 11.1.4

Options	Number of Options ¹	Vested	Exercise price (\$AUD)	Expiry date	Capital on exercise of Options (\$AUD)	Shares issued on Exercise of Options
GUV01	5,000,000	Y	2.00	31/12/2016	10,000,000	20,000,000
GUV05	8,599,651	Y	0.01	31/12/2016	85,997	34,398,604
GUV06	4,000,000	Y	2.00	31/12/2016	8,000,000	16,000,000
GUV012	6,075,000	Y	1.00	31/12/2016	6,075,000	24,300,000
GUV013	600,000	Y	2.00	31/12/2016	1,200,000	2,400,000
ESOP	3,555,000	See Sections 9.4.10 and 15.3 for a summary of the vesting conditions, exercise price and exercise date of the Options issued.	NIL	Various	-	14,220,000
	675,000		1.00		675,000	2,700,000
TOTAL	28,504,651¹				26,035,997	114,018,604

¹ Each Option can be exercised for 4 Shares.

All Options, other than Options issued under the ESOP, have vested and expire on 31 December 2016 if not exercised prior.

As at the Prospects Date, there are 12,154,651 Options on issue with an exercise price of less than 20 cents. If these Options were exercised it would result in the issue of 48,618,604 Shares. Details in respect of these Options are set out in table below:

Exhibit 11.1.4a

Category	Option Exercise Price AUD\$	Expiry Date	No. Options	No. Shares on Exercise	Exercise Price per share AUD\$	No. Holders
GUV05	0.01	31-Dec-16	8,599,651	34,398,604	0.0025	71
ESOP	Nil	April 2018 - February 2023	3,055,000	12,220,000	NIL	69
ESOP to be issued July 2016	0.01	10 January 2023	500,000	2,000,000	0.0025	1
Total Options <20c			12,154,651	48,618,604		

Based on the Minimum Subscription there will be 1,393,884,440 Shares on issue on a fully diluted basis and therefore the maximum dilution impact of the Options on issue with an exercise price of less than 20 cents is 3.49%. Guvera has sought and obtained from ASX an in-principle decision to grant a waiver from Listing Rule 1.1, condition 11 to permit Guvera to have on issue 12,154,651 unquoted Options with an exercise price of less than AUD\$0.20 exercisable into 48,618,604 Shares. For further information in respect of that waiver please see **Section 15.10**.

Of the 12,154,651 Options with an exercise price of less than 20 cents (which, upon exercise would result in the issue of a maximum of 48,618,604 shares), 18% are subject to ASX-imposed escrow (making up 0.6% of the 3.49% dilution). Please see **Section 15.5** for further information in respect of escrow.

The table below summarises the shareholdings of substantial Shareholders (and their Option holdings) immediately prior to Completion of the Offer. Some of the substantial Shareholders in the table below hold their Shares and Options via various entities and trusts, and do not necessarily hold a beneficial interest in those Shares and Options. The table below shows their aggregate holdings.

11. DETAILS OF THE OFFER

Exhibit 11.1.4b

Substantial Shareholder	Shares	% Shares on issue	Options ¹
Claes Loberg	144,172,000	11.63%	-
Various (refer Note 1)	106,682,000	8.61%	-
Darren Herft	97,561,600	7.87%	7,000,000
Steven Porch	79,946,672	6.45%	4,000,000
AMMA Enterprises Pty Ltd <AMMA Enterprises Hybrid Trust> (refer to Note 2)	77,650,000	6.26%	-
Machin Superfund Pty Ltd	66,400,000	5.36%	500,000

Note 1:
Clive Dolan, Bruce Wayne Corp Pty Ltd and Ricky Wilson are deemed to have a Relevant Interest in these shares. Mr Dolan holds a Relevant Interest by virtue of him being the sole director of a number of trustee companies which are appointed as the trustee for various investment trusts. Bruce Wayne Corp Pty Ltd is the sole shareholder of these trustee companies and Ricky Wilson is the sole shareholder of Bruce Wayne Corp Pty Ltd. Whilst these parties each have a joint Relevant Interest in these shares, none of these parties have a beneficial interest in these Shares.

Note 2:
AMMA Enterprises Pty Ltd has a Relevant Interest as trustee of the AMMA Enterprises Hybrid Trust however does not have any beneficial interest in the Shares.

¹ Each Option can be exercised for 4 Shares.

11.1.5 Capital structure on Completion of the Offer

The details of the pro forma capital structure of the Company as at Completion of the Offer are set out in the table below and reflect the following assumptions:

- the issue of 40,000,000 Shares pursuant to the Minimum Subscription, 80,000,000 Shares pursuant to the Maximum Subscription and 100,000,000 Shares pursuant to the Oversubscription; and
- that none of the Options that have vested, or that will vest as a result of successful Completion of the Offer, have been exercised (if any vested Options are exercised, the number of Shares on issue would increase and the number of outstanding Options and warranties would decrease).

Exhibit 11.1.5

Shares on issue	Minimum Subscription	Maximum Subscription	Over Subscription
Shares on issue on Completion of the Offer	1,279,865,836	1,319,865,836	1,339,865,836
Made up of:			
Shares issued under the Offer	40,000,000	80,000,000	100,000,000
Shares held by Existing Shareholders immediately prior to Completion of the Offer	1,239,865,836	1,239,865,836	1,239,865,836
Shares subject to ASX escrow arrangements	691,137,423	691,137,423	691,137,423
Number of quoted shares	588,728,413	628,728,413	648,728,413
Options on issue on Completion of the Offer ¹	28,504,651	28,504,651	28,504,651

¹ Options are exercisable at 1 option for 4 shares

All Shares issued under the Offer will rank equally in all respects with the Shares held by the Existing Shareholders. The rights attaching to the Shares are determined by the Constitution, the Corporations Act and general law. For further information in relation to the Shares, see **Section 11.18**.

11.2 Control implications of the Offer

The Directors do not expect any Shareholder to have a controlling interest in Guvera immediately after Completion of the Offer.

11. DETAILS OF THE OFFER

11.3 Potential effect of the fundraising on the future of the Company

Please refer back to **Section 11.1.3**.

11.4 Minimum Subscription

The Minimum Subscription required for the Offer to proceed is AUD\$40 million. If the Minimum Subscription is not obtained within four months after the Prospectus Date, Guvera will repay all Application Monies in full (without interest) as soon as practicable or issue a supplementary or replacement Prospectus and allow Applicants one month in which to withdraw their Applications and be repaid their Application Monies in full, without interest.

11.5 General Offer

The General Offer is only open to Australian-resident Retail Investors. Applicants under the General Offer can apply either online at www.guveralimited.com by selecting the 'Apply Now' option, or by paper Application. Applicants must complete either the online Application Form accompanying an electronic version of this Prospectus or by completing a blue "General Offer Application Form" attached to or accompanying this Prospectus and follow the instructions on the Application Form. Application Monies can be paid via BPAY® if applying online (see **Section 11.8.1.1**) or by cheque or bank draft to 'Guvera Share Offer' and crossed 'not negotiable' if applying using a paper application form (see **Section 11.8.1.2**) in accordance with instructions set out on the Application Form. The Application Form must be lodged, together with payment of the Application Monies for the Shares before 5.00 pm (AEST) on the General Offer Closing Date.

11.6 Broker Firm Offer

The Broker Firm Offer is only open to Australian-resident Investors who have received a firm allocation from their stockbrokers.

Broker Firm Applicants must lodge their orange Application Forms with their Application Monies in accordance with the directions of their Broker in order to receive their firm allocation. Investors who have been offered a firm allocation by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation.

11.7 Institutional Offer

11.7.1 Invitations to bid

The Institutional Offer is an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares under the Institutional Offering Memorandum or this Prospectus (as applicable). The Lead Manager will separately advise Institutional Investors of the application procedures for the Institutional Offer. Offers made under the Institutional Offer will be made at the Offer Price per Share. Shares which will be issued pursuant to the Institutional Offer will be issued on the same terms and conditions under the General Offer and the Broker Firm Offer.

11.8 How to apply for Shares under the General Offer and Broker Firm Offer

11.8.1 How to apply under the General Offer

11.8.1.1 To apply online and pay by BPAY®

Step 1: Australian-resident Retail Investors can apply online at www.guveralimited.com by selecting the "Apply Now" option and completing an Application Form accompanying an electronic version of the Prospectus, in accordance with the instructions set out on the Application Form. Existing Shareholders have the ability to apply for Shares under the Offer in the name of their registered holding by selecting the "Existing Holder's" option, or alternatively, under a separate holding name, by selecting the "Public Offer" option. All new Shareholders must apply under the "Public Offer" option.

Step 2: Lodge your Application Form online at www.guveralimited.com and pay your Application Monies using BPAY® in accordance with the direction provided in the Application Form. If you are applying online, you can only pay via BPAY®. The General Offer opens at 9.00am (AEST) at Tuesday, 14 June 2016 and is expected to close at 5.00pm (AEST) on Friday, 8 July 2016. Guvera may elect to extend the Offer, or any part of it, or to accept late Applications either generally or in particular cases. Applicants are therefore encouraged to submit their Applications as early as possible. BPAY® is an electronic payment service that enables you to pay your Application Monies directly from your cheque or savings account via internet banking through participating banks, building societies and credit unions. You must apply online in order to pay via BPAY®.

Step 3: Once you have completed your online Application Form, you will be given a BPAY® Biller Code and a BPAY® payment reference number. You should pay your Application Monies in full on the same day, as the Offer may close early and any Applications without payment cannot be accepted.

You will then need to:

1. access your participating phone/internet banking service
2. select BPAY® and follow the prompts:
 - o enter the Biller Code and your payment reference number supplied when you completed your online Application Form
 - o nominate the amount of your Application Payment in full
 - o nominate the cheque or savings account you wish your Application Payment to come from (note that credit card payments are not allowed)
3. record your BPAY® receipt number and the date of payment and retain a copy for your records.

11. DETAILS OF THE OFFER

Note that Applicants paying via BPAY® should be aware that their own financial institution may implement earlier cut-off times with regard to electronic payment than the time at which the General Offer closes, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that the funds submitted through BPAY are received by the Closing Date.

11.8.1.2 To apply using a paper Application Form

Step 1: Australian-resident Retail Investors can apply by completing a blue "General Offer Application Form" attached to or accompanying this Prospectus, in accordance with the instructions set out on the Application Form. NOTE: Photocopies of Application Forms will not be accepted. Write clearly in BLOCK LETTERS using black or blue ink only.

Do not write outside the white boxes. Ensure you record your contact details in case it is necessary to contact you regarding your Application. Applications made using the wrong Application Form or name or multiple Application Forms in the same name may be rejected.

Step 2: Pay your Application Monies. Application Form and Application Monies must be received by 5.00pm (AEST) on Friday, 8 July 2016. Guvera may elect to extend the Offer, or any part of it, or to accept late Applications either generally or in particular cases. Applicants are encouraged to submit their Applications as early as possible. If you are applying via a paper Application Form, you can only pay by cheque or bank draft. All cheques and bank drafts are to be made out as follows: 'Guvera Share Offer' and crossed 'not negotiable' if applying via a hard copy application form.

To ensure your Application Form and Application Monies are processed in time and to allow for the allotment of Shares on a timely basis, please follow these steps, when paying by cheque or bank draft:

1. enter your cheque or bank draft details, Application Monies, contact name and daytime telephone number (including your area code), (in case it is necessary to contact you regarding your Application) on the Application Form in the spaces provided
2. make your cheque or bank draft payable to 'Guvera Share Offer' for the total dollar value amount on the Application Form
3. ensure that your cheque is in Australian dollars drawn on an Australian branch of an Australian bank, crossed 'Not Negotiable'. Please ensure sufficient cleared funds are held in your bank account as your cheque will be banked as soon as your Application is received. Please do not post date the cheque(s)
4. place the entire Application Form and cheque or bank draft in the reply paid envelope provided
5. do not write anything on the back of the Application Form as any additional information will not be considered.

Cash will not be accepted. Notice of receipt of your Application Payment will not be provided to you.

Step 3: Once you have completed the entire paper Application Form, you will need to lodge it together with your Application Monies (cheque(s)/ bank draft(s)) with the Share Registry either by mail or hand delivery, ensuring it is received before 5:00pm (AEST) on Friday, 8 July 2016. Please use the below details for mailing or hand delivery.

Mailing Address

Guvera Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery

Guvera Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
(do not use this address for mailing purposes)

Please post your Application Form and Application Monies as soon as possible to allow a sufficient period for mail processing time.

Applicants should ensure that sufficient funds are held in the relevant account to cover the amount of the cheque. If the amount of your cheque for Application Monies (or the amount for which that cheque clear in time for allocation) is less than the amount specified on your Application Form, you may be taken to have applied for such lower dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

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

Applicants under the General Offer must lodge their electronic Application Forms online or paper Application Forms as outlined above. Guvera, the Registry and the Lead Manager take no responsibility for any acts or omissions in connection with your Application, Application Form or Application Monies. An Application in the General Offer is an offer by the Applicant to Guvera to subscribe for Shares for all or any of the Application Monies specified in and accompanying the Application Form, at the Offer Price. An Application is made by an Applicant on the terms and conditions set out in this Prospectus including any supplementary or replacement Prospectus and the Application Form (including the conditions regarding quotation on ASX). To the extent permitted by law, an Application to invest is an irrevocable application by the Applicant to Guvera to subscribe for the Shares specified in the Application Form, on the terms and conditions set out in the Application Form.

11.8.2 How to apply under the Broker Firm Offer

Step 1: Australian-resident clients of the Brokers who have received a firm allocation under the Broker Firm Offer may complete an orange Application Form attached to or accompanying this Prospectus, in accordance with the instructions given by the Broker and the instructions set out on the reverse of the Application Form. Your Broker may direct you to download the Prospectus and the accompanying Application Form online at www.guveralimited.com which can be printed, completed and returned to your Broker.

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Step 2: Lodge your Application Form with your Application Monies with your Broker in accordance with the Broker's direction. The Broker Firm Offer opens at 9:00am AEST on Tuesday, 14 June 2016 and is expected to close at 5:00pm AEST on Friday, 8 July 2016. Guvera may elect to extend the Offer, or any part of it, or to accept late Applications either generally or in particular cases. Your Broker may impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Applicants should contact their Broker for instructions.

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the Broker from whom they received a firm allocation, in accordance with the relevant Broker's directions and with sufficient time to enable processing by the Broker Firm Offer Closing Date. The Application Form must be completed in accordance with the instructions given to Applicants by their Broker and the instructions set out on the back of the Application Form.

Cheques must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed "Not Negotiable" and must be made payable in accordance with the directions of the Broker from whom the Applicant received a firm allocation.

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

The Applicant's Broker will act as the Applicant's agent in processing the Application Form and providing Application details and Application Monies to the Registry. Applicants under the Broker Firm Offer must not send their Application Forms to the Registry. Neither the Registry nor Guvera accepts any responsibility if you lodge the Application form at any other address or by any other means.

Guvera will accept payments of Application Monies from Brokers on behalf of Broker Firm Applicants on the Broker Firm Offer Closing Date or such later date as Guvera and the Lead Manager agree. Guvera, the Share Registry and the Lead Manager take no responsibility for any acts or omissions in connection with your Application, Application Form or Application Monies.

An Application in the Broker Firm Offer is an offer by the Applicant to Guvera to subscribe for Shares for all or any of the Application Monies specified in and accompanying the Application Form, at the Offer Price. An Application is made by an Applicant on the terms and conditions set out in this Prospectus including any supplementary or replacement prospectus and the Application Form (including the conditions regarding quotation on ASX). To the extent permitted by law, an Application to invest is an irrevocable application by the Applicant to Guvera to subscribe for the Shares specified in the Application Form, on the terms and conditions set out in the Application Form.

11.8.3 Minimum and maximum Application size under the General Offer, Broker Firm Offer and Institutional Offer

Applications under the General Offer, Broker Firm Offer or Institutional Offer must be for a minimum value of AUD\$1,000.00. There is no maximum Application amount under the General Offer Broker Firm Offer or Institutional Offer. In respect of the Broker Firm Offer, your Broker may impose a higher minimum Application amount. Guvera and the Lead Manager reserve the right to reject or scale back any Applications in the General Offer or Broker Firm Offer. Guvera and the Lead Manager also reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person. Guvera may determine a person to be eligible to participate in the General Offer or Broker Firm Offer, and may amend or waive the General Offer or Broker Firm Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

11.8.4 Application Form

Returning or lodging online a completed Application Form will be taken to constitute a representation by the Applicant that they:

- (a) have received a printed or electronic copy of the Prospectus (and any supplementary or replacement document) accompanying the Application Form and have read them all in full;
- (b) agree that their Application is completed and lodged in accordance with this Prospectus and subject to the declarations and statements on the Application Form;
- (c) declare that all details and statements in the Application Form are complete and accurate;
- (d) acknowledge that once the Application Form is returned it may not be withdrawn;
- (e) agree to being transferred the number of Shares referable to the value they apply for (or a lower number transferred in accordance with this Prospectus);
- (f) if natural persons, are at least 18 years old and do not suffer from any legal disability preventing them from applying for Shares; and
- (g) authorise Guvera and the Lead Manager and their officers or agents, to do anything on their behalf necessary for Shares to be transferred to them, including to act on instructions received by the Share Registry using the contact details in the Application Form.

11.8.5 How to pay

Applicants under the General Offer can pay by BPAY® if applying online (see **Section 11.8.1.1**), or by cheque or bank draft to 'Guvera Share Offer' and crossed 'not negotiable' if applying using a paper application form (see **Section 11.8.1.2**). If you are paying via BPAY® you should check your daily transaction limit with your bank, credit union or building society to ensure your Application Monies can be made using BPAY®. When completing your BPAY® payment, please make sure to use the specific biller code as outlined on the Application Form.

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker. Application Forms in respect of the Broker Firm Offer will not be accepted electronically.

It is the responsibility of the Applicant to ensure payments are received by the General Offer Closing Date or Broker Firm Offer Closing Date (as applicable).

Neither Guvera nor the Lead Manager take any responsibility for any failure to receive Application Monies by BPAY® before the General Offer Closing Date or Broker Firm Offer Closing Date (as applicable) arising as a result of, among other things, delays processing of payments by financial institutions.

If the amount of your BPAY® payment for Application Monies (or the amount for which those BPAY® payments clear in time for allocation) is insufficient to pay for the number of Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of Shares as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application

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may be rejected.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s). If the amount of your cheque(s) for Application Monies (or the amount for which that cheque clears in time for allocation) is less than the amount specified on your Application Form, you may be taken to have applied for such lower dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

11.8.6 Application Monies

Application Monies for Shares offered under this Prospectus will be held on trust for Applicants until the allotment of Shares to successful Applicants. Application Monies will be fully or partially refunded where an Application is rejected or accepted in part only, or fully refunded, where the Offer is withdrawn and/or cancelled, or where ASX does not grant permission for the Shares to be quoted within three months after the Prospectus Date. In such circumstances, no interest will be paid on the Application Monies.

11.8.7 Allocation policy

The allocation of Shares offered under this Prospectus as between the General Offer and the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager in consultation with Guvera.

Shares which have been allocated to Brokers for allocation to their Australian-resident clients will be issued to the Applicants who have received a valid allocation of Shares from those Brokers (subject to the right of Guvera and the Lead Manager to reject or scale back Applications). It will be a matter for the Brokers how they allocate Shares allocated to them among their eligible clients (subject to the right of Guvera and the Lead Manager to reject Applications from any person in their discretion). The Brokers (and not Guvera or the Lead Manager) will be responsible for ensuring that clients who have received an allocation from their Broker receive those Shares.

The allocation of Shares among applicants in the Institutional Offer will be determined by the Lead Manager, in consultation with Guvera. The Lead Manager and Guvera have absolute discretion regarding the basis of allocation of Shares among Institutional Investors, and there will be no assurance that any Institutional Investor will be allocated any Shares, or the number of Shares for which it bids. Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy may be influenced, but not constrained, by the following factors:

- number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- Guvera's desire for an informed and active trading market following listing on the ASX;
- Guvera's desire to establish a wide spread of institutional shareholders;
- overall level of demand under the General Offer, Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long term shareholders; and
- any other factors that Guvera and the Lead Manager considered appropriate.

11.9 Acknowledgments

Each Applicant under the Offer will be deemed to have:

- (a) agreed to become a member of Guvera and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- (b) acknowledged that the information contained in this Prospectus (or any supplementary or replacement Prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant given the Applicant's investment objectives, financial situation or particular needs;
- (c) declared that the Applicant is entitled to make an Application; and
- (d) acknowledged and agreed that if the Listing does not occur, the Offer will not proceed.

11.10 Underwriting arrangements

AMMA has agreed to underwrite AUD\$10,000,000 of the funds raised by the Offer, conditional upon Guvera first receiving valid applications and payment under the Offer for Shares equivalent to at least a value of AUD\$30,000,000 by 5.00pm on Friday, 8 July 2016, pursuant to the Underwriting Agreement. A summary of the main terms of the Underwriting Agreement, including termination provisions, is set out in **Section 9.5.1**.

AMMA and Guvera are related parties for the purposes of Chapter 2E of the Corporations Act by virtue of the fact that Darren Herft is the sole director of AMMA, is the sole director of Herft Accounting Australia Number 2 Pty Ltd which owns 50% of the shares in AMMA, and is a Director and the CEO of Guvera.

AMMA has successfully raised capital on behalf of Guvera since 2009. To date, AMMA has raised in excess of AUD\$180 million, and more than AUD\$48 million this financial year. Moreover, AMMA has a broad and far reaching network. It has offices in three continents, and works with over 300 accounting firms globally to raise capital from their clients, being sophisticated investors. AMMA is able to contact its network of accountants in a short space of time. For these reasons, the Directors consider that AMMA is able to meet its obligations under the Underwriting Agreement.

If the Underwriting Agreement is terminated and the subscriptions received are not sufficient to satisfy ASX's minimum spread requirements, Application Monies will be refunded without interest.

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11.11 Restrictions on distribution

11.11.1 General

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

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus. This Prospectus may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

This Prospectus may not be distributed to, or relied upon by, persons in the United States unless accompanied by the Institutional Offering Memorandum as part of the Institutional Offer, and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any State of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares are registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US State securities laws.

Each Applicant in the General Offer, the Broker Firm Offer, and each person to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold directly or indirectly in the United States unless the Shares are registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US State securities laws;
- it is not in the United States;
- it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

Each person who bids for Shares in the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to their Application. Each person submitting an Application Form will be deemed to have acknowledged that it is aware of the restrictions referred to in this **Section 11.12** and to have represented and warranted that it is able to apply for and acquire the Shares in compliance with those restrictions.

11.11.2 Hong Kong

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

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

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

11.11.3 Malaysia

This Prospectus and any document or other material in connection therewith relating to the Shares have not been and will not be registered as a prospectus with the Securities Commission of Malaysia under the Malaysian Capital Markets and Services Act 2007 (CMSA) as the offer for purchase of, or invitation to purchase, the Shares is meant to qualify as an "excluded offer or excluded invitation" or "excluded issue" within the meaning of sections 229 and 230 of the CMSA. However, this document will be deposited as an information memorandum with the Malaysian Securities Commission in accordance with the CMSA.

Accordingly, this Prospectus and any document or other material in connection therewith relating to the offer or sale, or invitation for subscription or purchase, of the Shares may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia, other than to persons prescribed under Schedule 6 and 7 of the CMSA, in accordance with the conditions of any other applicable provisions of the CMSA, and any law, order, regulation of the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

This Prospectus has been given to you on the basis that you are (i) an existing holder of Shares; or (ii) a person or class of persons specified under Schedule 6 and 7 of the CMSA. In the event that you are not a person falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Malaysia.

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11.11.4 Singapore

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

This document has been given to you on the basis that you are (i) an existing holder of the Company's Shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in Section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

11.11.5 United States

Each Applicant will be taken to have represented, warranted and agreed that: (i) it is not, and it will not be, acquiring or holding the Shares for, on behalf of, or with the assets of: (a) an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") that is subject to the Title I of ERISA, (b) a plan described in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Code") that is subject to Section 4975 of the U.S. Code, including individual retirement accounts or Keogh plans, (c) any entity whose underlying assets include plan assets by reason of a plan described in clause (a) or (b) investing in such entity, including but not limited to an insurance company separate or general account or an investment fund whether or not formed in the U.S., or (d) a U.S. governmental plan, U.S. church plan or non-U.S. plan, that is subject to U.S. federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the Title I of ERISA and/or Section 4975 of the U.S. Code.

11.12 Discretion regarding the Offer

Guvera and the Lead Manager have the right not to proceed and may withdraw the Offer at any time before the issue of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). Guvera and the Lead Manager also reserve the right, subject to the Corporations Act, to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than the amount applied for.

Guvera also reserves the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe may be an ineligible Applicant. Guvera also reserves the right to waive or correct any errors in any Application Form, and to reject any Application in whole or in part for any other reason.

11.13 ASX listing

11.13.1 Application to ASX for Listing and quotation of Shares on ASX

Guvera will apply, within 7 days of the Prospectus Date, for admission to the Official List of ASX and the official quotation of the:

- Shares to be issued under this Prospectus, pursuant to the Offer; and
- Shares on issue immediately prior to Completion of the Offer, other than those that are determined by the ASX to be Restricted Securities in accordance with the ASX Listing Rules.

Guvera's ASX code is expected to be GUV.

If approval is not granted within three months after the Prospectus Date (or any later date permitted by law), the Offer will be cancelled, no Shares will be issued and all Application Monies received by Guvera will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

Neither ASX nor ASIC take any responsibility for the content of this Prospectus or the investment to which it relates. The fact that ASX may admit Guvera to the Official List is not to be taken in any way as an indication by ASX of the merits of Guvera or the Shares offered for issue.

Guvera will be required to comply with the ASX Listing Rules, subject to any waivers obtained by Guvera from time to time.

11.13.2 CHES and issuer sponsored holdings

Guvera will apply to participate in ASX's Clearing House Electronic Subregister System (CHES) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

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

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHES holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders.

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Shareholders will subsequently receive statements showing any changes to their shareholding. Certificates will not be issued. Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on CHESS, or through the Share Registry in the case of a holding on the issuer sponsored subregister. Guvera and the Share Registry may charge a fee for these additional issuer sponsored statements.

11.13.3 Trading and selling Shares on market

It is expected that the Shares will commence trading on ASX on Monday, 18 July 2016.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If Applicants seek to sell Shares before receiving an initial holding statement, they do so at their own risk. Guvera, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, even if the Applicant obtained details of their holding from the Offer Information Line or confirmed their firm allocation through a Broker.

11.14 Brokerage and commission

No brokerage, commission or stamp duty is payable by Applicants who apply for Shares under the General Offer.

Various fees in relation to the Offer may be payable by Guvera to the Lead Manager and the Underwriter. See **Sections 15.6** and **15.7** for further details.

Investors who buy or sell Shares on ASX may be subject to brokerage and other transaction costs.

11.15 Taxation

The Australian taxation consequences of any investment in Shares will depend upon the Investor's particular circumstances. It is the obligation of Investors to make their own enquiries concerning the taxation consequences of an investment in Guvera and Guvera, and its' advisers, do not accept any responsibility or liability for any taxation consequences to investors in respect of the issue of Shares under this Prospectus.

Section 14 outlines some taxation considerations for Australian taxpayers in respect of the Shares.

Applicants should seek appropriate independent professional advice that considers the taxation implications of their own specific circumstances.

11.16 Privacy

If you complete an Application, you will be providing personal information to Guvera (directly or via the Share Registry). You can obtain a copy of Guvera's privacy policy online at Guvera's website.

11.17 Further enquiries

If you have further enquiries or questions relating to aspects of this Prospectus or about the Offer, please contact the Offer Information Line on 1800 195 936 (toll free within Australia) or +61 7 5610 5889 (outside Australia) between 8.30am and 5.30pm (AEST) Monday to Friday (excluding public holidays) during the Offer Period.

If you are unclear in relation to any matter or are uncertain as to whether Guvera is a suitable investment, you should also seek professional advice from your accountant, stockbroker, lawyer, or other professional adviser before deciding to invest.

11.18 Description of the Shares

11.18.1 General

The rights attaching to ownership of the Shares are detailed in the Constitution of the Company (which may be inspected during normal business hours at the registered office of the Company) and in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and the general law. The following is a summary of the major provisions of the Constitution. This summary is not intended to be exhaustive and is qualified by the terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

11.18.2 Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each fully paid Share held (with adjusted voting rights for partly paid Shares). Where there are two or more joint holders of a Share and more than one joint holder tenders a vote, the vote of the holder named first in the register who tenders the vote will be accepted to the exclusion of the votes of the other joint holders. Voting at any meeting of members is by a show of hands unless a poll is demanded. A poll may be demanded by at least five members entitled to vote on the resolution, members with at least 5% of the votes that may be cast on the resolution on the poll, or the chairperson. If an equal number of votes are cast for or against a resolution at a meeting of members, the chairman of the meeting has a second or casting vote.

11.18.3 Dividends

Subject to the Corporations Act, other requirements in the Constitution and the terms of issue of shares, the Board may resolve to pay any dividend (including an interim dividend) it thinks appropriate and fix the time for payment. The company may only pay a dividend out of the profits of the company. The Directors may fix the amount and the method of payment of the dividends. The payment of a dividend does not require

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any confirmation by a general meeting. Subject to the terms of issue of shares, the Company may pay a dividend on one class of Shares to the exclusion of another class (if there is more than one class of Shares). Subject to the Constitution each Share of a class on which the Board resolves to pay a dividend carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the Share bears to the total issue price of the Share. The Company will not pay interest on any dividends.

11.18.4 Issue of Shares

Subject to the Constitution, the Listing Rules and the ASX Settlement Rules, the Directors have the right to issue, grant Options or otherwise dispose of unissued Shares on the terms, with the rights, and at the times that the Directors decide.

11.18.5 Variation of class rights

- The rights attached to any class of Shares may, unless their terms of issue state otherwise, be varied or cancelled only:
- with the written consent of the holders of 75% of the issued Shares of the affected class; or
- by a special resolution passed at a separate meeting of the holders of Shares of the affected class. Subject to the terms of issue of Shares, the rights attached to a class of Shares are not treated as varied by the issue of further Shares of that class.

11.18.6 Transfer of Shares

Subject to the Constitution, a member may transfer a Share by written instrument approved by the Directors. Unless permitted by the Listing Rules, the Company must not charge any fee on transfer of a Share.

All transfers must comply with the Constitution, the Listing Rules, the ASX Settlement Rules and the Corporations Act as applicable and, subject to these requirements, the Directors may refuse to register a transfer of Shares in circumstances permitted by the Listing Rules or the Corporations Act. The Directors must refuse to register a transfer of Shares if the Corporations Act, the Listing Rules or the ASX Settlements Rules forbid such registration.

11.18.7 Unmarketable parcels

The Directors may sell the Shares of a member if that member holds less than a marketable parcel of Shares, provided that the procedures set out in the Constitution are followed. An unmarketable parcel of Shares is defined in the Listing Rules and is, generally, a holding of Shares with a market value of less than AUD\$500.

11.18.8 General meetings and notices

Each member is entitled to receive notice of, attend and vote at general meetings of the Company and receive all notices, accounts and other documents required to be sent to the members under the Constitution or the Corporations Act. At least 28 days' notice of a meeting must be given to each member.

11.18.9 Winding up

Subject to the Constitution and the terms of the issue of shares, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the number of Shares held by them (irrespective of the amounts paid-up or credited as paid-up on the shares).

11.18.10 Directors – powers and duties

Subject to the Constitution, the Corporations Act and the Listing Rules, the Directors have the power to manage the business of the Company and may exercise every right, power or capacity of the Company except where the Constitution, Listing Rules or Corporations Act require such power be exercised by the Company in a general meeting of its members.

11.18.11 Directors – appointment and removal

The minimum number of Directors is three and the maximum may not be more than nine Directors. The Company in general meeting may from time to time determine to increase the maximum number of Directors.

Subject to the Constitution, the Company may appoint a person to be a Director by resolution passed at the general meeting. Any Director appointed by the Directors outside of a general meeting automatically retires at the next annual general meeting and is eligible for election by that general meeting. A Director (other than the Managing Director) must retire from office at the third annual general meeting after the Director was elected or last re-elected.

11.18.12 Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the chairperson has a second or casting vote, unless there are only two Directors entitled to vote or the chairperson is not entitled to vote, in which case the proposed resolution is taken as having been lost.

11.18.13 Directors' remuneration

The Directors are entitled to be paid by way of remuneration for services. The Constitution also makes provisions for the Company to pay reasonable travelling, hotel and other expenses of Directors in carrying out their duties as Directors.

11.18.14 Alteration of share capital

Subject to the Listing Rules, the Constitution and the Corporations Act, the Company may alter its share capital.

11.18.15 Preference Shares

The Company may issue preference Shares including preference Shares which are liable to be redeemed. The rights attaching to preference Shares are those set out in the Constitution.

11.18.16 Variation of the Constitution

The Constitution can only be amended by a special resolution, being a resolution passed by at least three quarters (75%) of members present and entitled to vote on the resolution. The Company must give at least 28 days' written notice of its intention to propose the resolution.



12. FINANCIAL INFORMATION

12. FINANCIAL INFORMATION

12.1 Introduction

The financial information contained in this section includes Guvera's historical financial information and pro forma historical financial information being:

- The statutory historical consolidated statements of profit or loss and other comprehensive income for the years ended 30 June 2014 and 30 June 2015, and for the six months ended 31 December 2015;
- The statutory historical consolidated statements of cash flows for the years ended 30 June 2014 and 30 June 2015, and for the six months ended 31 December 2015; and
- The statutory historical consolidated statement of financial position as at 31 December 2015 (together the "Statutory Historical Financial Information"); and
- The pro forma historical consolidated statements of financial position as at 31 December 2015 assuming the Minimum Subscription, Maximum Subscription and Oversubscription scenarios described below (the "Pro Forma Historical Financial Information").

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively referred to as "Financial Information". The Financial Information has been included in this Prospectus in relation to the Offer and should not be used for any other purpose.

All amounts disclosed in this Section are presented in Australian dollars and rounded to the nearest \$0.1 million unless otherwise disclosed. Rounding of figures provided in the Financial Information may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

The Financial Information presented in Exhibits 12.3.1, 12.3.2 and 12.5.1 has been reviewed by Ernst & Young Transaction Advisory Services Limited in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information as stated in its Independent Limited Assurance Report set out in **Section 13**. Investors should note the scope and limitations of the Independent Limited Assurance Report.

The Financial Information should be read in conjunction with Guvera's basis of preparation and presentation of the Financial Information set out in this section and the key investment risks in **Section 10**. The Pro Forma Historical Financial Information assumes the completion of the following transactions ("Pro Forma Adjustments"):

- A capital raising of between AUD\$40 million (Minimum Subscription) and AUD\$80 million (Maximum Subscription) with an Oversubscription of a further AUD\$20 million (Oversubscription resulting in total capital raised of AUD\$100 million after acceptance of Oversubscriptions) through the issue of Shares under the Offer;
- Payment of transaction costs of between AUD\$6.6 million and AUD\$10.8 million, in connection with the Offer, which will depend on the capital that is raised; and
- The pay-down of between AUD\$1.6 million and AUD\$16.1 million of debt which was on the balance sheet as at 31 December 2015 and will depend on the capital that is raised.

A breakdown of the sources and uses of the Offer Proceeds is shown in Exhibit 12.1, based on the following capital raise scenarios:

- a Minimum Subscription of AUD\$40 million;
- a Maximum Subscription of AUD\$80 million; and
- an Oversubscription of AUD\$100 million.

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Exhibit 12.1 Use of funds

Use of Funds (A\$m)	AUD\$40 million (Minimum)	AUD\$80 million (Maximum)	AUD\$100 million (Oversubscription)
Transaction costs	6.6	9.5	10.8
Repayment of debt at 31 December 2015	1.6	16.1	16.1
Net cash movement between 1 January 2016 and 31 March 2016 ¹	1.5	1.5	1.5
Creditor repayments (for creditors subject to repayment arrangements as at 31 March 2016)	17.2	17.2	17.2
Repayment of debt borrowed after 31 March 2016	4.5	4.5	4.5
Sales expansion - Asia Pacific	4.8	18.6	26.0
Sales expansion - US	1.3	5.3	12.0
Sales expansion - Other	1.2	5.3	9.4
Platform development	0.8	1.0	1.5
Corporate support	0.5	1.0	1.0
Total	40.0	80.0	100.0

1. For the period 1 January 2016 to 31 March 2016, Guvera recorded a net loss after tax of AUD\$25.5 million. Total cash movements for this period resulted in a net cash outflow of AUD\$1.5 million, of which operating cash outflows were AUD\$7.2 million.

12.2 Basis of preparation and presentation of the Financial Information

12.2.1 Basis of preparation

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

The Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (AAS).

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they occurred as at 31 December 2015.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flows and financial position of Guvera.

The Financial Information is presented in an abbreviated format and does not contain all the presentation, disclosures, statements and comparative information as required by AAS applicable to general purpose financial reports provided in an annual report prepared in accordance with the Corporations Act.

Guvera's significant accounting policies are outlined in **Annexure A**.

12.2.2 Going concern

Guvera's ability to continue as a going concern and to meet its debts as and when they fall due is dependent on its ability to:

- generate future sales to enable Guvera to generate a profit and positive operating cash flows; and/or
- obtain additional funding in the near future; and/or
- receive the support of suppliers, creditors and lenders.

As at 31 December 2015 Guvera was in a net current liability position of AUD\$33.1 million and a net liability position of AUD\$27.4 million. For the period 1 January 2016 to 31 March 2016, Guvera recorded a net loss after tax of AUD\$25.5 million. Total cash movements for this period resulted in a net cash outflow of AUD\$1.5 million, of which operating cash outflows were AUD\$7.2 million.

Should Guvera be unable to raise sufficient capital under the Prospectus, there is a significant uncertainty whether Guvera will be able to

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continue as a going concern and therefore, whether it will be able to pay its debts as and when they become due and payable and to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the statutory historical and pro forma historical consolidated statements of financial position. The statutory historical and pro forma historical consolidated statements of financial position do not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should Guvera not continue as a going concern.

In the Director's opinion there are reasonable grounds to believe that, individually or in combination, the funding required by Guvera will be achieved, the support of creditors and lenders will be received and a sufficient level of positive operating cash flow will be achieved.

Guvera has previously relied on the support of its shareholders to provide equity funding to support its activities. Depending on Guvera's ability to generate income from its operations, Guvera may require further funding to operate or expand its business. If Guvera is unable to obtain additional funding as needed, it may not be able to maintain the competitiveness of its technology, pursue business opportunities, service Users or attract and retain advertising customers, each of which could inhibit the implementation of Guvera's business plan and strategic objectives. There is a risk that if Guvera requires, but is unable to obtain, additional debt or equity funding in the future, Guvera may become unable to pay its debts as and when they fall due and payable. In such circumstances, an administrator, receiver and manager or liquidator may be appointed and, in such a case, there is a significant risk that Shareholders will not be able to realise any value in their Shares.

Guvera has a history of operating losses and expects operating losses and negative operating cash flow to continue in the future as it continues to increase investment in its businesses. Guvera may experience increases in operating and other expenses without a corresponding increase in revenue. Increases may be due to costs associated with Guvera's international expansion strategy, advertising costs, key contract costs and exchange rate movements.

Further, there is a risk that if Guvera's future growth and operating performance fails to meet investor or analyst expectations, or if Guvera has future negative operating cash flow or operating losses, this could detrimentally affect Guvera's business, financial performance and future prospects.

As there was a net decrease in cash for the six months ended 31 December 2015, Guvera sought repayment concessions with some of its major suppliers and key creditors to ensure it was able to continue to operate while a pre IPO capital raising progressed (refer to **Section 10.4.1**). Also, as disclosed in **Sections 15.9** and **15.12**, Guvera is involved in a number of legal matters and has a number of outstanding loans with lenders. These liabilities are being paid from funds raised in the pre IPO capital raising and funds raised in this IPO.

There is a risk that if Guvera breaches any terms of the repayment plans, it may be subjected to fines, penalties or legal action which may adversely affect Guvera's financial performance.

On 14 April 2016 Guv Services Pty Ltd was issued a Creditor's Statutory Demand for Payment pursuant to Division Two of Part 5.4 of the Corporations Act (Statutory Demand) by the ATO in respect of a debt of \$820,347.69 relating to amounts due under the BAS provisions as defined in subsection 995-1(1) of the Income Tax Assessment Act 1997 (Cth). Arrangements with the ATO have now been made for the outstanding debt to be cleared and it is therefore expected that the Statutory Demand will be removed shortly.

12.2.3 Restatement of prior period information

During the preparation of the 30 June 2015 financial statements, Guvera determined that certain financial reports previously published contained a number of accounting errors. As required by AAS, the general purpose financial statements for the years prior to the year ended 30 June 2015 do not require re-issuance. However, the comparative information presented in the 30 June 2015 financial statements was restated. That is, the restated information relates to the financial year ended 30 June 2014. Guvera's financial statements for the year ended 30 June 2015 were audited by Ernst & Young and lodged with ASIC. The restatements of the 2014 comparative information within the financial statements for the year ended 30 June 2015 are explained in **Section 12.6** and the disclosure made in this regard is consistent with the disclosure made in Note 4 to Guvera's audited financial statements for the year ended 30 June 2015.

The comparative information contained within the financial statements for the half year ended 31 December 2015 was also restated.

12.3 Statutory Historical Financial Information

The historical consolidated statements of profit or loss and other comprehensive income and the historical consolidated statements of cash flows for the years ended 30 June 2014 and 2015 have been derived from the consolidated financial statements of Guvera Limited and its controlled entities for the year ended 30 June 2015. These consolidated financial statements were audited by Ernst & Young in accordance with Australian Auditing Standards who issued an unqualified opinion with an emphasis of matter regarding going concern on 20 October 2015. These audited financial statements contained comparative information for the period ended 30 June 2014 which was restated from that originally published in the 30 June 2014 financial statements. The originally published 30 June 2014 financial statements were not audited by Ernst & Young. The historical consolidated statements of profit or loss and other comprehensive income and cash flows for the half year ended 31 December 2015 have been derived from the consolidated interim financial statements of Guvera Limited and its controlled entities for the half year ended 31 December 2015. These consolidated interim financial statements were reviewed in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity by Ernst & Young who issued an unqualified limited assurance statement with an emphasis of matter regarding going concern on 28 January 2016.

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12.3.1 Historical consolidated statements of profit or loss and other comprehensive income

Exhibit 12.3.1 Historical consolidated statements of profit or loss and other comprehensive income

A\$m	Restated FY2014 ¹	FY2015	HY2016
Continuing Operations			
Sales revenue	0.4	1.2	1.2
Cost of sales	(5.1)	(34.2)	(25.1)
Gross loss	(4.7)	(33.0)	(23.9)
Other income	2.3	3.8	0.6
Administrative expense	(12.1)	(25.4)	(11.8)
Marketing expense	(0.7)	(9.5)	(12.2)
Occupancy expense	(0.3)	(0.7)	(0.7)
Finance costs	(9.8)	(7.3)	(4.2)
Other expenses	(4.1)	(6.7)	(3.7)
Unrealised gain/(loss) on investment	(0.1)	0.0	-
Loss before income tax from continuing operations	(29.4)	(78.8)	(55.7)
Income tax (expense)	-	(0.0)	-
Profit/(Loss) for the year from continuing operations	(29.4)	(78.8)	(55.7)
Discontinued Operations			
Profit/(Loss) for the year from discontinued operations	(0.2)	(2.3)	-
Loss for the year	(29.6)	(81.1)	(55.7)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising during the year on translating foreign operations	(0.1)	0.5	0.3
Total comprehensive income (loss) for the year	(29.7)	(80.7)	(55.5)

1. Refer to **Section 12.6** for further information on historical restatements.

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12.3.2 Historical consolidated statements of cash flows

Exhibit 12.3.2 Historical consolidated statements of cash flows

A\$m	Restated FY2014 ¹	FY2015	HY2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	0.0	0.5	1.2
Interest received	0.1	0.1	0.0
Payments to suppliers and employees	(14.3)	(39.5)	(22.3)
Interest paid	(0.1)	(0.9)	(0.3)
R&D tax offset operating portion	0.5	1.9	3.3
Net cash used in operating activities	(13.9)	(37.8)	(18.0)
CASH FLOWS FROM INVESTING ACTIVITIES			
Movement in property, plant and equipment	(0.2)	(0.7)	(0.3)
Movement in investments	(0.4)	-	(0.4)
Movement in intangibles	-	-	(0.0)
Acquisition of content intangibles	(2.0)	(20.9)	(15.5)
R&D tax offsets – capital portion	1.9	0.5	1.1
Funds from security deposits	(0.1)	-	-
Loan repayments received	0.0	-	-
Research and development	(1.4)	(3.4)	(3.6)
Net cash used in investing activities	(2.2)	(24.6)	(18.7)
CASH FLOW FROM FINANCING ACTIVITIES			
Capital raised	22.7	54.7	30.4
Net borrowings from external parties	0.3	7.1	1.2
Net borrowings from related parties	-	-	0.5
Net cash provided by financing activities	23.0	61.7	32.2
Net increase / (decrease) in cash and cash equivalents held	6.9	(0.7)	(4.5)
Effects of foreign currency translation	(0.1)	0.0	(0.1)
Cash and cash equivalents at beginning of financial year	0.3	7.1	6.4
Cash and cash equivalents at end of financial year	7.1	6.4	1.8

1. Refer to **Section 12.6** for further information on historical restatements.

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12.4 Management Discussion and Analysis of Historical Results

With respect to the Statutory Historical Financial Information, the following summary explanations and analysis are provided. For a more complete understanding of the information, reference should be made to the financial statements of Guvera for the year ended 30 June 2015 and for the half year ended 31 December 2015, which have been lodged with the Australian Securities and Investments Commission (ASIC).

12.4.1 Analysis of historical consolidated statements of profit or loss and other comprehensive income

Caption	Nature of Item	Discussion and Analysis ¹												
Sales Revenue	Sales revenues principally comprise revenues generated from the provision of advertising services and subscription receipts from users.	Guvera, over the period presented, has continued to grow its advertising and branding revenues as the principal driver for amounts included in this caption. This has focused on growing the number of users and advertisers both in Australia and internationally.												
Cost of Sales	Items included in cost of sales principally relate to amounts paid, used and impaired in relation to record label agreements for music and artist services. The Caption also includes amounts paid to information technology providers in relation to the platforms used by Guvera and its users.	Over the periods presented Guvera has continued to build its library of available music as well as the countries in which this music is held. Guvera is required to make minimum guaranteed revenue payments to suppliers. The amounts for these rights are recorded as assets and amortised over the period of usage or impaired where required. During the periods presented the following expenses were incurred: <table border="1" data-bbox="938 880 1495 1016"> <thead> <tr> <th>A\$m</th> <th>FY2014¹</th> <th>FY2015</th> <th>HY2016</th> </tr> </thead> <tbody> <tr> <td>Impairment</td> <td>0.4</td> <td>13.8</td> <td>5.7</td> </tr> <tr> <td>Usage</td> <td>0.2</td> <td>4.7</td> <td>11.4</td> </tr> </tbody> </table>	A\$m	FY2014 ¹	FY2015	HY2016	Impairment	0.4	13.8	5.7	Usage	0.2	4.7	11.4
A\$m	FY2014 ¹	FY2015	HY2016											
Impairment	0.4	13.8	5.7											
Usage	0.2	4.7	11.4											
Administrative Expenses	Administrative expenses cover all wages and salaries costs and costs of administering and running the Guvera business globally, which are not captured in other captions. It also includes share based payment expenses.	Administrative costs have increased as the Guvera business has grown both in size and globally. Wages and salaries (exclusive of share based payments) of AUD\$2.9m and AUD\$5.6m were paid in the 2014 and 2015 years respectively. For the period ended 31 December 2015, wages and salaries (exclusive of share based payments) of AUD\$6.5m were incurred. Share based payments expenses included for compensation were AUD\$6.5m in 2014, AUD\$8.1m in 2015 and AUD\$1.4m in the six month period to 31 December 2015.												
Occupancy Expenses	Occupancy expenses include the cost of renting office space and associated costs.	As Guvera has increased the number of international hubs, occupancy expenses have increased.												
Finance Costs	Finance costs relate to interest incurred on loans outstanding as well as the expensing of share options and other equity instruments issued in satisfaction of interest and other loan costs. Certain finance costs have been paid to related parties.	In 2014 Guvera incurred total finance costs of AUD\$9.8m which related to interest of AUD\$1.5m, and the amortisation of loan fees of AUD\$8.3m. In 2015 Guvera incurred total costs of AUD\$7.3m which related to interest of AUD\$0.9m and the amortisation of loan fees of AUD\$6.4m. During the year ended 30 June 2015, entities associated with Steven Porch were allocated 666,666 shares and 2,000,000 options associated with the provision of debt. For the period to 31 December 2015, actual interest was AUD\$0.9m and amortised loan costs were AUD\$3.2m. Apart from the shares and options issued in 2015, all other finance costs with related parties have been settled in cash or capitalised to the loan values.												
Other expenses	Other expense includes other sundry expenses incurred in the operation of the Guvera business including depreciation.	As the Guvera business has expanded, these costs have increased in line with the increased operations and the international footprint of the business.												

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Caption	Nature of Item	Discussion and Analysis ¹
Discontinued operations	Discontinued operations expenditure represents the net loss from the operation of discontinued operations and the loss on disposal of these operations.	On 23 January 2015 Guvera acquired Blinkbox Music. On or about 16 June 2015 Blinkbox Music went into administration. Guvera UK Limited also was placed into administration prior to 30 June 2015. Amounts reported in discontinued operations represent the net loss incurred in these operations and their disposal. Refer to Section 15.12.1 for additional information and other matters related to Blinkbox.

1. Any values discussed relating to FY2014 are restated values.

12.4.2 Analysis of historical consolidated statements of cash flows

Caption	Nature of Item	Discussion and Analysis
Cash Flows from Operating Activities	This caption represents cash inflows from users as well as payments for the expenses of the Guvera group, excluding capital items such as record label intangibles.	The amount of net cash outflows have increased over the periods presented. These increases are in line with the increases in revenues and expenses noted in the historical consolidated statements of profit or loss and other comprehensive income. This caption also reflects the collection of cash amounts for research and development activities which have increased over the period as well as interest payments made.
Cash Flows from Investing Activities	This caption principally represents amounts paid to record labels for content intangibles as well as amounts expended on research and development which have been capitalised.	Guvera has continued to expend its portfolio of content intangibles both across the number of labels and geographic locations. Associated with this, the amounts paid to providers have increased across the periods presented. As Guvera has continued to develop its information technology assets there has also been increased expenditure on these assets across the periods presented.
Cash Flows from Financing Activities	This caption represents the net proceeds from equity raisings as well as monies raised and repaid from debt funding activities.	In 2014 and 2015 significant equity was raised to fund Guvera's operations as they expanded. In 2015 significant borrowings were made to supplement equity raising cash flows to provide the required level of cash for operating and investing activities. To December 2015 this trend of capital and debt to support operations continued.

12.4.3 Analysis of historical consolidated statement of financial position as at 31 December 2015

Caption	Nature of Item	Discussion and Analysis
Trade and Other Receivables	Trade and other receivables principally represent revenues receivable from the provision of services, amounts receivable for research and development refunds as well as other sundry items such as goods and services tax refunds.	At 31 December 2015, research and development receivables of AUD\$3.2m were recorded and are expected to be received in August 2016 on lodgement of tax returns for 30 June 2016. Trade debtors of AUD\$1.1m were recorded from services provided and the balance related to other amounts due.
Other Assets	Other current assets related to prepaid balances and intangibles for content agreements.	These amounts are significantly impacted by the life cycle of the underlying contracts with the content providers and the amount of impairment charges recorded.
Intangible Assets	Intangible assets relate to capitalised information technology development costs.	Guvera continues to develop its information technology assets. Amounts accumulated represent costs accumulated to date, net of amortisation incurred in the development of these assets.

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Caption	Nature of Item	Discussion and Analysis
Trade and Other Payables	Trade and other payables represent amounts owing to suppliers to Guvera, including general suppliers and content and other information technology suppliers.	Amounts recorded are reflective of amounts outstanding at 31 December 2015 and as noted in this section of the prospectus and in the 31 December 2015 accounts, in some instances subject to payment or modified payment plans with creditors.
Borrowings	Borrowings represent amounts due to lenders for funds lent on a long term basis which incur interest expenses.	Borrowings have increasingly been used by Guvera to fund its operations. Amounts recorded at 31 December 2015 represent amounts owing, net of prepaid costs of AUD\$1.5m.
Provisions	Provisions represent employee and lease make good provisions.	The amounts recorded represent amounts due and accrued, based on estimates made at 31 December 2015.

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12.5 Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the historical consolidated statement of financial position of Guvera as at 31 December 2015 and adjusted for the effect of the Pro Forma Adjustments. The historical consolidated statement of financial position was derived from the consolidated financial statements of Guvera Limited and its controlled entities for the half year ended 31 December 2015. The financial statements for the half year ended 31 December 2015 were reviewed in accordance with AAS (ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity) by Ernst & Young who expressed an unqualified limited assurance statement with an emphasis of matter regarding going concern on 28 January 2016.

12.5.1 Historical and pro forma historical consolidated statements of financial position

Exhibit 12.5.1 Historical and pro forma historical consolidated statements of financial position

A\$m	\$40m raised		\$80m raised		\$100m raised		
	Historical 31 December 2015	Pro Forma Adjustments ¹	Pro Forma Historical 31 December 2015	Pro Forma Adjustments ¹	Pro Forma Historical 31 December 2015	Pro Forma Adjustments ¹	Pro Forma Historical 31 December 2015
Cash and cash equivalents	1.8	31.8	33.6	54.4	56.2	73.1	74.9
Trade and other receivables	5.5	-	5.5	-	5.5	-	5.5
Other assets	7.6	0.2	7.8	0.4	8.0	0.5	8.1
Total current assets	14.9	32.0	46.9	54.8	69.7	73.6	88.5
Property, Plant & Equipment	1.3	-	1.3	-	1.3	-	1.3
Intangibles	3.6	-	3.6	-	3.6	-	3.6
Other assets	0.2	-	0.2	-	0.2	-	0.2
Investments	0.5	-	0.5	-	0.5	-	0.5
Total non-current assets	5.6	-	5.6	-	5.6	-	5.6
Total assets	20.5	32.0	52.5	54.8	75.3	73.6	94.1
Trade and other payables	32.6	-	32.6	-	32.6	-	32.6
Borrowings	14.6	(0.9)	13.7	(14.6)	-	(14.6)	-
Provisions	0.8	-	0.8	-	0.8	-	0.8
Total current liabilities	47.9	(0.9)	47.0	(14.6)	33.3	(14.6)	33.3
Total liabilities	47.9	(0.9)	47.0	(14.6)	33.3	(14.6)	33.3
Net assets/(liabilities)	(27.4)	32.9	5.5	69.4	42.0	88.2	60.8
Issued capital	150.7	36.9	187.6	74.1	224.8	92.9	243.6
Share option reserve	54.6	-	54.6	-	54.6	-	54.6
Foreign translation reserves	1.1	-	1.1	-	1.1	-	1.1
Accumulated losses	(233.8)	(4.0)	(237.8)	(4.7)	(238.5)	(4.7)	(238.5)
Total equity	(27.4)	32.9	5.5	69.4	42.0	88.2	60.8

1. Refer to **Sections 12.5.2, 12.5.3 and 12.5.4** for details of the Pro Forma Adjustments

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12.5.2 Pro Forma Adjustment details - AUD\$40 million (Minimum)

A\$m	Proceeds from IPO net of transaction costs ¹	Debt retirement ²	Total Pro Forma Adjustments
Cash and cash equivalents	33.4	(1.6)	31.8
Other assets	0.2	-	0.2
Total current assets	33.6	(1.6)	32.0
Total assets	33.6	(1.6)	32.0
Borrowings	-	(0.9)	(0.9)
Total current liabilities	-	(0.9)	(0.9)
Total liabilities	-	(0.9)	(0.9)
Net assets	33.6	(0.7)	32.9
Issued capital	36.9	-	36.9
Accumulated losses	(3.3)	(0.7)	(4.0)
Total equity	33.6	(0.7)	32.9

1. Transaction costs associated with the IPO (totalling AUD\$6.6 million inclusive of GST) include legal expenses (AUD\$1.7 million), accounting, taxation and other professional fees (AUD\$0.7 million), offer management fees (AUD\$1.3 million), capital raising fees (AUD\$1.8 million), underwriter fees (AUD\$0.1 million), ASX listing fees (AUD\$0.3 million) and publishing, promotion and other costs (AUD\$0.7 million). Transaction costs that were expensed equated to AUD\$3.3 million (net of GST rebate) and those allocated to equity equated to AUD\$3.1 million (net of GST rebate). Guvera is entitled to a GST rebate of \$0.2 million, which is captured within 'Other assets' on the pro forma historical consolidated statement of financial position.

Legal, accounting, taxation and professional fees include costs incurred to date and estimated costs to be incurred to complete the IPO. Details of the various fee arrangements are outlined below:

Offer management fees include:

- 1.75% of all capital raised plus;
- 3.0% of an estimated 30% of the total capital raised plus;
- Monthly retainer of AUD\$18,000 per month for 7 months; and
- Nil success fee to the Lead Manager.

Capital raising fees are based on 5.75% of an estimated 70% of the total capital raised. Publishing, promotion and other costs are estimated based on a national advertising campaign and a four week roadshow to support the promotion of the capital raising. Management has assumed that all equity will be raised by Australian investors for the treatment of GST.

2. Repayment of debt of AUD\$1.6 million which includes prepaid borrowing costs that have been capitalised of AUD\$0.7 million.

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12.5.3 Pro Forma Adjustment details - AUD\$80 million (Maximum)

Exhibit 12.5.3 Pro Forma Adjustment details - AUD\$80 million (Maximum)			
A\$m	Proceeds from IPO net of transaction costs ¹	Debt retirement ²	Total Pro Forma Adjustments
Cash and cash equivalents	70.5	(16.1)	54.4
Other assets	0.4	-	0.4
Total current assets	70.9	(16.1)	54.8
Total assets	70.9	(16.1)	54.8
Borrowings	-	(14.6)	(14.6)
Total current liabilities	-	(14.6)	(14.6)
Total liabilities	-	(14.6)	(14.6)
Net assets	70.9	(1.5)	69.4
Issued capital	74.1	-	74.1
Accumulated losses	(3.2)	(1.5)	(4.7)
Total equity	70.9	(1.5)	69.4

1. Transaction costs associated with the IPO (totalling AUD\$9.8 million inclusive of GST, of which AUD\$0.2 million is non-cash) include legal expenses (AUD\$1.7 million), accounting, taxation and other professional fees (AUD\$0.7 million), offer management fees (AUD\$2.7 million), capital raising fees (AUD\$3.5 million), underwriter fees (AUD\$0.1 million), ASX listing fees (AUD\$0.3 million) and publishing, promotion and other costs (AUD\$0.7 million). Transaction costs that were expensed equated to AUD\$3.2 million (net of GST rebate) and those allocated to equity equated to AUD\$5.9 million (net of GST rebate and after the exercise of success fee Options). Guvera is entitled to a GST rebate of \$0.4 million, which is captured within 'Other assets' on the pro forma historical consolidated statement of financial position. Legal, accounting, taxation and professional fees include costs incurred to date and estimated costs to be incurred to complete the IPO. Details of the various fee arrangements are outlined below:

Offer management fees include:

- 1.75% of all capital raised plus;
- 3.0% of an estimated 30% of the total capital raised plus;
- Monthly retainer of AUD\$18,000 per month for 7 months; and
- Success fee of 250,000 options at AUD\$0.20 to the Lead Manager on reaching AUD\$20.0 million capital raised, which are sold at the Offer price, and it is assumed will be exercised immediately.

Capital raising fees are based on 5.75% of an estimated 70% of the total capital raised. Publishing, promotion and other costs are estimated based on a national advertising campaign and a four week roadshow to support the promotion of the capital raising. Management has assumed that all equity will be raised by Australian investors for the treatment of GST.

2. Repayment of all existing debt at 31 December 2015, being AUD\$16.1 million which includes prepaid borrowing costs that have been capitalised of AUD\$1.5 million.

12. FINANCIAL INFORMATION

12.5.4 Pro Forma Adjustment details - AUD\$100 million (Oversubscription)

Exhibit 12.5.4 Pro Forma Adjustment details - AUD\$100 million (Oversubscription)			
A\$m	Proceeds from IPO net of transaction costs ¹	Debt retirement ²	Total Pro Forma Adjustments
Cash and cash equivalents	89.2	(16.1)	73.1
Other assets	0.5	-	0.5
Total current assets	89.7	(16.1)	73.6
Total assets	89.7	(16.1)	73.6
Borrowings	-	(14.6)	(14.6)
Total current liabilities	-	(14.6)	(14.6)
Total liabilities	-	(14.6)	(14.6)
Net assets	89.7	(1.5)	88.2
Issued capital	92.9	-	92.9
Accumulated losses	(3.2)	(1.5)	(4.7)
Total equity	89.7	(1.5)	88.2

1. Transaction costs associated with the IPO (totalling AUD\$11.3 million inclusive of GST, of which AUD\$0.4 million is non-cash) include legal expenses (AUD\$1.7million), accounting, taxation and other professional fees (AUD\$0.7 million), offer management fees (AUD\$3.6 million), capital raising fees (AUD\$4.2 million), underwriter fees (AUD\$0.1 million), ASX listing fees (AUD\$0.3 million) and publishing, promotion and other costs (AUD\$0.7 million). Transaction costs that were expensed equated to AUD\$3.2 million (net of GST rebate) and those allocated to equity equated to AUD\$7.1 million (net of GST rebate and after the exercise of success fee Options). Guvera is entitled to a GST rebate of AUD\$0.5 million, which is captured within 'Other assets' on the pro forma historical consolidated statement of financial position.

Legal, accounting, taxation and professional fees include costs incurred to date and estimated costs to be incurred to complete the IPO. Details of the various fee arrangements are outlined below:

Offer management fees include:

- 1.75% of all capital raised plus;
- 3.0% of an estimated 35% of the total capital raised plus;
- Monthly retainer of AUD\$18,000 per month for 7 months; and
- Success fee of 500,000 options at AUD\$0.20 to the Lead Manager on reaching AUD\$30.0 million capital raised, which are sold at the Offer price, and it is assumed will be exercised immediately.

Capital raising fees are based on 5.75% of an estimated 65% of the total capital raised. Publishing, promotion and other costs are estimated based on a national advertising campaign and a four week roadshow to support the promotion of the capital raising. Management has assumed that all equity will be raised by Australian investors for the treatment of GST.

2. Repayment of all existing debt at 31 December 2015, being AUD\$16.1 million which includes prepaid borrowing costs that have been capitalised of AUD\$1.5 million.

12.5.5 Trading update to 31 March 2016

For the three months period following the date at which the Pro Forma Historical Financial Information was prepared, being the period from 1 January 2016 to 31 March 2016, the net loss after tax was AUD\$25.5 million. We note that this includes the following items that were also included in the Pro Forma Adjustments:

- The write-off of AUD\$1.5 million in capitalised borrowing costs which has been included in the Pro Forma Adjustments relating to retirement of debt; and
- Costs incurred to 31 March 2016 associated with the IPO which were expensed due to uncertainty. For the purposes of the Pro Forma Adjustments, these were allocated between capital and expense based on the nature of the expense.

The net cash outflow for the period 1 January 2016 to 31 March 2016 was AUD\$1.5 million which is made up of:

- net operating outflow of AUD\$7.2 million
- net financing cash inflow of AUD\$10.1 million
- net investing cash outflow of AUD\$4.4 million

The net loss after tax and the net cash outflow for the period 1 January 2016 to 31 March 2016 were not included in the Pro Forma Adjustments unless otherwise outlined above.

12. FINANCIAL INFORMATION

12.6 Information related to the 2014 Financial Year

12.6.1 Summary of restatements – 2014

Restatements of the 2014 financial information, which were made to the comparative disclosures included in the 30 June 2015 financial statements, related to the following matters:

- Accounting for Share Options
- Accounting for Borrowing Costs
- Accounting for Capital Raising Costs
- Accounting for Operating Leases
- Accounting for Taxation Rebates
- Accounting for Intangible Assets

No prior period restatements impacted amounts previously recorded for current income tax, unless specifically noted. No deferred tax assets have been recognised on any prior period restatements as the recovery of any deferred tax assets are currently not considered as probable. To the extent that deferred tax liabilities have arisen as a result of the adjustments, deferred tax assets have been recorded. This has resulted in \$Nil impact on recorded deferred tax balances.

The following 2014 principal statements were restated in the 30 June 2015 financial statements:

- The consolidated statement of financial position as at 30 June 2014;
- The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2014; and
- The consolidated statement of cash flows for the year ended 30 June 2014.

12.6.2 Consolidated statement of financial position as at 30 June 2014

The following line items have been adjusted and restated:

Exhibit 12.6.2 Consolidated statement of financial position as at 30 June 2014				
A\$m	Notes	Originally Reported	Adjustment	Restated
Trade and other receivables	A	3.1	(0.1)	3.0
Other assets	B	3.7	11.2	14.9
Total current assets		13.8	11.1	24.9
Property, plant and equipment	C	0.4	0.0	0.5
Intangible assets	D	1.7	(0.5)	1.2
Other assets	B	-	2.2	2.2
Total non-current assets		2.4	1.7	4.1
Total assets		16.2	12.9	29.1
Trade and other payables	B, E	3.3	15.7	19.0
Provisions	F	0.2	0.1	0.3
Total current liabilities		9.8	15.8	25.6
Total liabilities		9.8	15.8	25.6
Net assets		6.4	(3.0)	3.4
Issued capital	G	57.4	2.8	60.2
Share option reserve	H	-	39.7	39.7
Retained earnings	I	(51.2)	(45.6)	(96.8)
TOTAL EQUITY	I	6.4	(3.0)	3.4

A) Trade and other receivables

At 30 June 2014 debtors which were considered uncollectable of AUD\$97,725 existed from the 2011 financial year. These amounts were incorrectly not provided for. The above correction provides in full for these amounts. These amounts have been written off in subsequent periods.

B) Other assets

Guvera, as noted in this Prospectus has entered into a number of content agreements. As a result of these agreements Guvera is entitled to certain intangible assets. The assets acquired with these agreements have historically not been recognised at their acquisition value, and future due amounts not recognised nor have

12. FINANCIAL INFORMATION

appropriate impairment adjustments been made. At 30 June 2014 the following adjustments have been made:

- AUD\$13,460,188 in additional net intangible assets have been recognised for these agreements. This has been allocated based on expected use to AUD\$11,240,366 as a current asset and the remainder as a non-current asset. AUD\$13,875,119 has been accrued for amounts due in future periods for these intangible acquisitions.
- AUD\$652,401 in impairment has been recorded for rights not projected to be used based on information and budgets at 30 June 2014 and foreign exchange adjustments of AUD\$237,470 have also been recorded.

C) Property plant and equipment

Guvera leases a number of office premises. No provision for make good had historically been recorded on these premises. The adjustment of AUD\$49,871 represents the unamortised portion of the asset which should have been raised on entry into leases that were still in operation at 30 June 2014.

D) Intangible assets

Historically Guvera has recorded research and development cash refunds as a reduction in tax expense when earned. This accounting treatment was not consistent with AAS. An appropriate accounting policy has now been implemented which treats such income as a government grant. The grant is allocated based on the underlying allocation of research and development expenditure to the profit and loss and capitalised intangible assets. The adjustment at 30 June 2014 represents the cumulative impact (including amortisation adjustments) of AUD\$512,685 to adopt the appropriate accounting treatment.

E) Trade and other payables

In addition to the content assets above, certain interest amounts due were not recorded in periods prior to 30 June 2014. An adjustment of AUD\$796,376 has been made to ensure that these amounts which relate to pre 30 June 2014 are recognised and recorded at that date.

A trailing commission agreement has been entered into. This agreement should be estimated and recorded at the time capital is raised. At 30 June 2014 the estimated future liability of AUD\$1,064,262 had not been made. A correction has been made to record this amount.

F) Provisions

A review of recorded provisions has indicated that amounts were incorrectly recorded at 30 June 2014. Adjustments as follows are required to correctly state provisions at 30 June 2014:

- AUD\$112,014 to recognise make good obligations on operating leases.
- AUD\$33,329 to recognise on costs related to employee entitlements.

G) Issued capital

Corrections were required to issued capital to reflect Shares issued for AUD\$Nil consideration as well as capital application monies received but not yet allocated. These are determined as follows:

Historically equity valued at AUD\$4,268,160 (cumulative) had been issued for consideration of services and supplies made to Guvera. No recognition had previously been made of these amounts. AASB 2 requires these amounts to be recognised as an expense at their fair value.

An amount was taken to equity of AUD\$1,426,912 for the trail payments related to equity. The amount in E above is the period end amount.

H) Share options

Share Options were outstanding at 30 June 2014. AASB 2 requires the fair value of these Options to be determined and the cost of these Options to be recognised at the time of receipt of the goods or services they relate to are received. The amount recorded at 30 June 2014 represents the fair value of all Options issued prior to 30 June 2014.

I) Retained earnings

The adjustment to retained earnings (increase in Loss for the Year of AUD\$17,330,390) represents the accumulated profit and loss impact of the adjustments raised above and those relates to prior periods.

12. FINANCIAL INFORMATION

12.6.3 Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2014

The following line items have been adjusted and restated:

Exhibit 12.6.3 Consolidated statement of profit or loss and other comprehensive income				
A\$m	Notes	Originally Reported	Adjustment	Restated
Cost of sales	A	(4.4)	(0.7)	(5.1)
Gross Loss		(4.0)	(0.7)	(4.7)
Other Income	B	0.1	2.2	2.3
Administrative expense	C	(4.8)	(7.3)	(12.1)
Finance costs	D	(0.7)	(9.0)	(9.7)
Loss before income tax from continuing operations		(14.7)	(14.7)	(29.4)
Income tax (expense)	B	2.4	(2.4)	-
Profit/(loss) for the year from continuing operations		(12.2)	(17.2)	(29.4)
Profit/(loss) after tax for the year from discontinued operations	C	-	(0.2)	(0.2)
Loss for the Year		(12.2)	(17.4)	(29.6)

A) Cost of Sales

As noted above an adjustment was required to impair certain music content intangible assets. This adjustment was not made at 30 June 2014 and required correction.

B) Other Income

Other Income represents the income portion of tax research and development refunds. These amounts were previously treated as government grants but are more appropriately treated as other income and not income tax expense. The amount of AUD\$2,175,013 is the income portion for 2014. The adjustment to tax expense of AUD\$2,422,755 reverses the credit to tax expense.

C) Administrative Expenditure

A number of adjustments have been required to reflect previous administrative expenditure:

- Decrease - AUD\$279,020 - Reduction in amortisation on intellectual property assets due to the reduced cost base given tax research and development amounts applied to this asset.
- Increase - AUD\$22,253 - Make good costs on leased premises.
- Increase - AUD\$6,504,003 - Share Options issued to employees and suppliers that were previously not expensed.
- Decrease - AUD\$362,650 - Trail commissions previously taken to income that should have been taken to the provision created.
- Decrease - AUD\$154,614 - Recognition of comparative discontinued operations amounts - this is not an error but is included only for the sake of completeness.
- Increase - AUD\$7,871 - Incremental movement in employee on-costs in the 2014 year.
- Increase - AUD\$1,568,160 - This amount is the equivalent of the fair value of 968,000 Shares that were issued for no consideration and which were not previously recognised in accordance with AASB 2.

D) Finance Costs

Corrections have been required to finance costs for the following reasons and amounts:

- AUD\$8,265,000 represents the fair value of Shares and Options issued to various financiers as consideration for fees paid under the various loan agreements. These amounts were not previously recognised and have been included based on the number of equity instruments (i.e. Shares and Options in Guvera) issued at the prevailing fair value.
- Interest costs of AUD\$704,630 were erroneously not recognised in the financial year ending 30 June 2014. A correction is required to recognise these amounts.

12. FINANCIAL INFORMATION

12.6.4 Consolidated statement of cash flows for the year ended 30 June 2014

Certain reclassifications have been made in the statement of cash flows for the year ended 30 June 2014. The adjustments made do not impact the beginning or ending cash flows or the net increase in cash over the period. Adjustments have been made to the total operating and investing cash flows as follows:

Exhibit 12.6.4 Adjustments to the consolidated statement of cash flows for the year ended 30 June 2014		
A\$m	Originally Reported	Restated
Net cash used in operating activities	(14.0)	(13.9)
Net cash used in investing activities	(2.1)	(2.2)

The movements are not considered material and have been caused by the movement of inflows from research and development tax refunds to investing for the capital portion and also the movement of cash outflows for content agreements from operating to investing activities.

12.7 Historical Financial Reports

During 2015 the Directors resolved to appoint Ernst & Young as the auditors of Guvera. Ernst & Young undertook the statutory audit of the 30 June 2015 financial statements of Guvera and also reviewed the 31 December 2015 interim financial statements. The 30 June 2014 comparatives within the 30 June 2015 financial statements were restated. Refer to **Section 12.6** of this Prospectus for detail. The 31 December 2014 comparatives within the 31 December 2015 financial statements were also restated.

The 30 June 2015 and 31 December 2015 financial statements have been lodged with ASIC and are available to investors.

The audit report issued by Ernst & Young on the 30 June 2015 financial report was unqualified, however contained an emphasis of matter with respect to matters related to "going concern".

The review statement issued by Ernst & Young on the 31 December 2015 financial report was also unqualified, however did contain an emphasis of matter with respect to matters related to "going concern".

12.8 Management Update

Guvera borrowed AUD\$1,000,000 on 16 May 2016 and AUD\$3,500,000 on 20 May 2016 from unrelated parties. See **Section 15.9** for further details.

A young man with short, dark hair, wearing a white t-shirt, is focused on working on a server rack. He is leaning forward, with his hands near the bottom of the rack. The server rack is illuminated with various colored lights, including red and green. The background is dark, with a large window or screen showing a blurred, light-colored pattern. The overall atmosphere is technical and professional.

13. INDEPENDENT LIMITED ASSURANCE REPORT

31 May 2016

The Board of Directors
Guvera Limited
Eastside Building
1/232 Robina Town Centre Drive
Robina, QLD 4226

Dear Directors

PART 1 – INDEPENDENT LIMITED ASSURANCE REPORT ON STATUTORY HISTORICAL FINANCIAL INFORMATION AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

1. Introduction

We have been engaged by Guvera Limited (“Guvera” or the “Company”) to report on the statutory historical financial information and pro forma historical financial information for inclusion in the prospectus (“Prospectus”) to be dated on or about 31 May 2016, and to be issued by Guvera, in respect of the issue of fully paid ordinary shares in Guvera (the “Offer”).

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

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the *Corporations Act 2001*. Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services”) holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Angus Blackwood is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide as Part 2 of this report.

2. Scope

Statutory Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following statutory historical financial information of Guvera:

- ▶ the statutory historical consolidated statements of profit or loss and other comprehensive income for the years ended 30 June 2014 (restated) and 30 June 2015 and the six months ended 31 December 2015 as set out in Exhibit 12.3.1 of Section 12.3 of the Prospectus;
- ▶ the statutory historical consolidated statements of cash flows for the years ended 30 June 2014 (restated) and 30 June 2015 and the six months ended 31 December 2015 as set out in Exhibit 12.3.2 of Section 12.3 of the Prospectus; and
- ▶ the statutory historical consolidated statement of financial position as at 31 December 2015 as set out in Exhibit 12.5.1 of Section 12.5 of the Prospectus (the “Statutory Historical Statement of Financial Position”).

(Hereafter the “Statutory Historical Financial Information”)

The Statutory Historical Financial Information for the years ended 30 June 2014 and 30 June 2015 has been derived from the financial report of Guvera for the year ended 30 June 2015. The financial report for the year ended 30 June 2015 was audited by Ernst & Young in accordance with Australian Auditing Standards on which an unqualified audit opinion has been issued with an emphasis of matter regarding

going concern. During the completion of the 30 June 2015 audit, it was determined by Guvera that the prior period financial reports contained a number of accounting errors and these errors were restated in the 2014 comparative information presented in the 30 June 2015 financial report. The Statutory Historical Financial Information as at and for the six months ended 31 December 2015 has been extracted from the interim financial report, which was reviewed by Ernst & Young and on which an unqualified limited assurance conclusion was issued with an emphasis of matter regarding going concern.

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards ("AAS").

Pro Forma Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma historical financial information of Guvera:

- ▶ the pro forma historical consolidated statement of financial position as at 31 December 2015 based on the minimum subscription of \$40m as set out in Exhibit 12.5.1 of Section 12.5 of the Prospectus;
- ▶ the pro forma historical consolidated statement of financial position as at 31 December 2015 based on the maximum subscription of \$80m as set out in Exhibit 12.5.1 of Section 12.5 of the Prospectus; and
- ▶ the pro forma historical consolidated statement of financial position as at 31 December 2015 based on the oversubscription of \$100m as set out in Exhibit 12.5.1 of Section 12.5 of the Prospectus.

(Hereafter the "Pro Forma Historical Financial Information").

(the Statutory Historical Financial Information and Pro Forma Historical Financial Information together form the "Financial Information").

The Pro Forma Historical Financial Information has been derived from the statutory historical consolidated statement of financial position as at 31 December 2015 of Guvera, and adjusted for the effects of pro forma adjustments described in Exhibits 12.5.2, 12.5.3 and 12.5.4 of the Prospectus.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 31 December 2015.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

3. Directors' Responsibility

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

4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

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

5. Conclusions

Statutory Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information comprising:

- ▶ the statutory historical consolidated statements of profit or loss and other comprehensive income for the years ended 30 June 2014 (restated) and 30 June 2015 and the six months ended 31 December 2015 as set out in Exhibit 12.3.1 of Section 12.3 of the Prospectus;
- ▶ the statutory historical consolidated statements of cash flows for the years ended 30 June 2014 (restated) and 30 June 2015 and the six months ended 31 December 2015 as set out in Exhibit 12.3.2 of Section 12.3 of the Prospectus; and
- ▶ the statutory historical consolidated statement of financial position as at 31 December 2015 as set out in Exhibit 12.5.1 of Section 12.5 of the Prospectus

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 12.2 of the Prospectus.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information comprising:

- ▶ the pro forma historical consolidated statement of financial position as at 31 December 2015 based on the minimum subscription of \$40m as set out in Exhibit 12.5.1 of Section 12.5 of the Prospectus;
- ▶ the pro forma historical consolidated statement of financial position as at 31 December 2015 based on the maximum subscription of \$80m as set out in Exhibit 12.5.1 of Section 12.5 of the Prospectus; and
- ▶ the pro forma historical consolidated statement of financial position as at 31 December 2015 based on the oversubscription of \$100m as set out in Exhibit 12.5.1 of Section 12.5 of the Prospectus

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 12.2 of the Prospectus.

Emphasis of Matter

Without qualification to the limited assurance conclusion expressed above, attention is drawn to the following matter. As disclosed in Section 12.2.2 of the Prospectus, if the capital raising under the Prospectus is unsuccessful and the Company is not able to achieve profitable operations and receive the continued support of its creditors, lenders and shareholders to continue its operating activities, there is significant uncertainty whether the Company will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they become due and payable and realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the Statutory Historical Statement of Financial Position and the Pro Forma Historical Financial Information. The Statutory Historical Statement of Financial Position and the Pro Forma Historical Financial Information do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 12.1 of the Prospectus, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Transaction Advisory Services has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any interests in the outcome of this Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited



Angus Blackwood
Director and Representative

31 May 2016

**THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT
LIMITED ASSURANCE REPORT**

PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services” or “we,” or “us” or “our”) has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report (“Report”) in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide (“FSG”) provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$40,000 (exclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits disclosed in this prospectus in section 15.4.1, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

<p>Contacting Ernst & Young Transaction Advisory Services</p> <p>AFS Compliance Manager Ernst & Young 680 George Street Sydney NSW 2000</p> <p>Telephone: (02) 9248 5555</p>	<p>Contacting the Independent Dispute Resolution Scheme:</p> <p>Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08</p>
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This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

A person is seen from behind, sitting on a rocky ledge and looking out over a vast cityscape at sunset. The person is wearing a dark tank top with the words 'CROW' and 'CROW' visible on the back. The city below is bathed in the warm, golden light of the setting sun, with buildings and streets visible in a hazy, atmospheric glow. The overall mood is contemplative and serene.

14. AUSTRALIAN TAXATION CONSIDERATIONS

Board of Directors
Guvera Limited
Eastside Building
1/232 Robina Town Centre Drive
ROBINA QLD 4226

26 May 2016

Taxation Implications for Investors

Dear Board of Directors,

We refer to our engagement agreement with Guvera Limited (“the Company”) dated 27 January 2016 in relation to the Initial Public Offering (“IPO”) of Shares in the Company.

The purpose of this letter is to provide a general summary of the Australian income tax, Goods and Services Tax (“GST”) and stamp duty implications for investors in the Shares (“Shareholders”) of the Company, for inclusion in the Prospectus. The Australian income tax, GST and stamp duty implications for Shareholders will depend on their own specific circumstances. Shareholders should seek their own independent taxation advice in relation to their investment.

This summary does not constitute financial product advice as defined in the *Corporations Act 2001 (Cth)* (“Corporations Act”). This summary is confined to taxation issues and is only one of the matters Shareholders need to consider when making a decision about their investments. Shareholders should consider taking advice from a licensed financial advisor before making a decision about their investments. The partnership of Ernst & Young is not required to hold an Australian Financial Services Licence under the Corporations Act to provide Shareholders with this taxation advice.

We have not caused and take no responsibility for the publication of any part of the Prospectus in which this letter appears, other than this letter itself.

* * * * *

This summary outlines the general taxation implications for Shareholders who are Australian resident individuals, companies (other than a life insurance company), trusts or complying superannuation funds for income tax purposes and who hold their Shares on capital account.

This summary does not consider the implications for Shareholders who:

- ▶ are not Australian residents;
- ▶ hold their Shares as trading stock or otherwise on revenue account; or
- ▶ are subject to the Australian Taxation of Financial Arrangement rules under Division 230 of the *Income Tax Assessment Act 1997 (Cth)* (“ITAA 1997”).

This summary is based on established judicial and administrative interpretations of the ITAA 1997, *Income Tax Assessment Act 1936 (Cth)* (“ITAA 1936”), *Taxation Administration Act 1953 (Cth)* (“TAA 1953”), *A New Tax System (Goods & Services Tax) Act 1999 (Cth)* (“GST Act”) and relevant stamp duty

legislation (collectively referred to as the “taxation law”) as at the date of this letter. This summary does not take into account or anticipate changes in the taxation law or future judicial and administrative interpretations of the taxation law.

1. Income tax implications

1.1 Dividends received by Shareholders

Dividends will be required to be included in a Shareholder’s assessable income in the income year in which the dividend is received.

1.2 Franking credits received by Shareholders

To the extent that franking credits are attached to the dividend, Shareholders should also include the franking credits in their assessable income. Where Shareholders include franking credits in their assessable income, Shareholders should be entitled to a corresponding tax offset against their tax payable for the relevant income year.

In order for Shareholders to qualify for franking credits and the corresponding tax offset, Shareholders must satisfy the “holding period” rules which generally require Shareholders to hold their Shares “at risk” for a continuous period (not including the day of acquisition or disposal) of not less than 45 days within the holding period. The holding period generally means the period commencing on the day after the day the Shares were acquired and ending on the 45th day after the day the Shares become ex-dividend. The “holding period” rules do not apply to Shareholders who are individuals who are entitled to tax offsets (for all franked distributions received by the particular Shareholder from all entities in the relevant income year) of not greater than \$5,000 for the relevant income year.

Where the holding period rule is satisfied:

- ▶ Shareholders that are individuals or complying superannuation funds should be entitled to a tax offset equal to the amount of the franking credits attached to a dividend. Where these Shareholders have franking credits in excess of their income tax liability they may be entitled to a refund equal to the excess.
- ▶ Shareholders that are companies should be entitled to a tax offset equal to the amount of the franking credits attached to a dividend. Accordingly, these Shareholders should not pay any additional tax to the extent a dividend is franked. Any excess tax offset not utilised may be able to be converted to a carry forward tax loss. A credit will arise in the franking account of these Shareholders equal to the amount of the franking credits attached to the dividend.
- ▶ Where Shares are held by trusts or partnerships, and the dividend is distributed through to beneficiaries or partners, the benefit of the franking credit attached to the dividend generally also passes through to those beneficiaries or partners where they have an amount of assessable income that is attributable to that distribution. The income tax treatment of the dividends and any franking credits in the hands of those beneficiaries or partners will depend upon the tax status of the beneficiaries or partners.

1.3 Disposal of Shares

The disposal of Shares will give rise to a CGT event for Shareholders. Shareholders should:

- ▶ make a capital gain if the capital proceeds received on the disposal of their Shares is greater than the cost base of those Shares; or
- ▶ make a capital loss if the capital proceeds received on the disposal of their Shares is less than the reduced cost base of those Shares.

The capital proceeds received on disposal of the Shares should generally be equal to the money (or money equivalent) received in respect of the disposal.

The cost base of Shares subscribed for under the Offer should generally be equal to the Offer Price plus any incidental costs. The reduced cost base should be the same as the cost base, subject to some modifications.

To the extent Shareholders derive a capital gain on disposal of Shares in the Company, Shareholders that are individuals, trusts or complying superannuation funds that have held their Shares for more than 12 months should be eligible to a CGT discount in respect of the capital gain of 50% for individuals and trusts and 33¹/₃% for complying superannuation funds. Prior to applying the CGT discount Shareholders must offset their capital gain against any available capital losses incurred in the relevant income year or any carry forward net capital losses. The net capital gain (after applying any losses and the CGT discount) should be included in their assessable income in the relevant income year.

To the extent Shareholders incur a capital loss on disposal of the Shares in the Company, Shareholders may offset their capital loss against any capital gains derived in the relevant income year. Where the capital losses incurred in the relevant income year exceed the capital gains derived in the relevant income year, Shareholders may be entitled to carry forward the excess (referred to as a “net capital loss”) to future income years subject to the application of the loss recoupment rules in certain cases. Shareholders cannot offset their net capital losses against their ordinary income.

1.4 Returns of capital

If a return of capital is made by the Company, the cost base and reduced cost base of a Shareholder’s Shares for CGT purposes should be reduced by the amount of the return of capital, with any excess over the cost base resulting in a capital gain. There are anti-avoidance provisions which treat certain payments or distributions that provide a capital benefit to Shareholders as unfranked dividends.

2. Goods and Services Tax

No GST is payable in respect of the acquisition of Shares, nor will there be any GST liability arising from the receipt of dividends in respect of the Shares. An Australian resident that is registered or required to be registered for GST seeking to claim input tax credits on related transaction costs should seek their own independent tax advice in this regard.

3. Stamp Duty

On the basis that neither the Company, nor any of its subsidiaries or linked entities, will have any interest in Australian land other than leases on ordinary commercial terms for market rent and no material leasehold improvements, tenant's fixtures or items fixed to land, no Australian stamp duty will be payable in respect of the subscription for Shares under this Prospectus.

4. Tax File Number ("TFN") Withholding Tax

Shareholders are not required to quote their TFN to the Company. If Shareholders do not quote their TFN or other relevant exemption details, tax may be required to be withheld by the Company from certain distributions at the top marginal rate plus the Medicare Levy.

* * * * *

Yours sincerely



Desley Grundy
Partner
EY

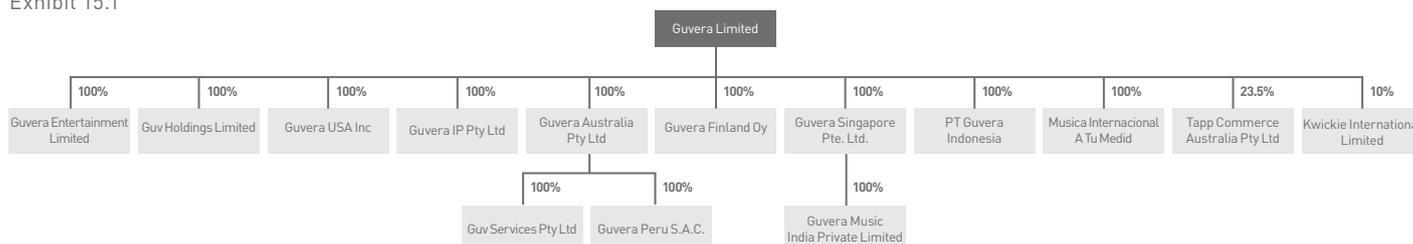


15. ADDITIONAL INFORMATION

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15.1 Incorporation, share capital and corporate structure

Exhibit 15.1



BB Music Holdings Ltd, a private limited company incorporated in the United Kingdom and an entity forming part of Guvera's group, is currently in administration. As at the Prospectus Date, legal proceedings have been initiated against BB Music Holdings Limited, amongst others. Please refer to **Section 15.12.1** for further information about this litigation.

Guvera owns a 10% interest in Kwickie International Limited, a company which operates a social platform connecting celebrities to their fans via instant video messaging. As at 31 December 2015, Guvera's investment in Kwickie International Limited was valued at \$410,095 (based on the Directors' estimate of fair value, taking into account funds invested to that date).

Darren Herft is a director of Kwickie International Ltd. Brad Christiansen is the Company Secretary of Kwickie International Ltd and of its wholly owned subsidiary Kwickie Australia Ltd.

15.2 Company tax status

The Company will be subject to tax at the Australian corporate tax rate. The international subsidiaries will be subject to tax in their relevant jurisdictions.

15.3 Employee Share Option Plan

In April 2011, Guvera established an Employee Share Option Plan (ESOP) and the option details are described in **Section 9.4.10**. The key terms of the ESOP are set out below:

Eligibility

The Board has the absolute discretion to designate an eligible employee for the purposes of the ESOP.

Grant of Options

The Board may offer to an eligible employee, on terms and conditions the Board determines, the number of Options to be granted to the eligible employee.

Terms and conditions

The Board has the discretion to set the terms and conditions (including conditions in relation to vesting hurdles, disposal restrictions and any applicable exercise price) on which it will offer or grant Options under the ESOP and may set different terms and conditions which apply to different participants in the ESOP. The Board will determine the procedure for offering or granting Options (including the form, terms and content of any offer, invitation or acceptance procedure) in accordance with the rules of ESOP.

Vesting conditions

Options will vest and become exercisable to the extent that the applicable performance, service or other vesting conditions specified at the time of the grant are satisfied (collectively, the "Vesting Conditions"). Vesting Conditions may include conditions relating to continuous employment or service, the individual performance of the participant or a sale of Guvera which results in a change of control.

The Vesting Conditions are set by the Board in its discretion, and in some instances may be waived by the Board in its discretion.

Ranking of Shares

Shares issued pursuant to the exercise of an Option under the ESOP will rank equally in all respects with the other issued Shares.

Exercise of Options

Subject to satisfaction of the Vesting Conditions, a participant may exercise an Option by paying the Exercise Price during the Exercise Period and otherwise in the manner required by the Board and specified in writing to the participant at the time of the Option is granted.

No dividend rights for option holders

A holder of an Option will not participate in dividends on Shares.

Expiry of Options

Options which have not been exercised will expire if the applicable Vesting Conditions and any other conditions to exercise are not met during the prescribed vesting period or if they are not exercised before the applicable expiry date. In addition, Options will lapse during the vesting period if the participant ceases to be employed by the Company (whether by resignation, termination, redundancy, disability or death) or if the

15. ADDITIONAL INFORMATION

participant ceases to have control of its permitted nominee. Options may also lapse during the exercise period if certain events occur, including the termination of an employee or their resignation.

Quotation

Options will not be quoted on ASX. Guvera will apply for official quotation of any Shares allotted under the Employee Plans.

Exercise Price of Options

The Board may in its absolute discretion determine the Exercise Price to exercise the Options offered to the participant, subject to the ASX Listing Rules if applicable.

Dilution Limit

Under the rules of the First Employee Plan, the Board must not offer a participant (as defined in the First Employee Plan) an Option if the total number of Shares relating to the unexercised or unexpired Options exceeds 5% of the number of Shares on issue at the time of the offer. Further, no eligible employee (as defined in the First Employee Plan) may continue to participate in the Employee Plan if, after the acquisition, the participant (as defined in the First Employee Plan) would hold more than 5% of the voting rights in Guvera.

There is no corresponding dilution limit in the Employee Plan.

Restrictions

Options which are acquired under the ESOP may only be transferred with the prior written consent of the Board. Additionally, the ESOP provides that the Board may apply a disposal restriction on the Option at the time of offer which may include restrictions on transfers, assignment, disposal or other dealings with a Share issued on exercise of an Option.

Takeovers, changes of control and capital reconstructions

Where there is a change of control of Guvera, including where the business is sold or an employee ceases to be an Eligible Employee due to any reorganisation of the group, the Board may determine the manner in which the Options will be dealt with.

Bonus issues and capital reorganisations

If Guvera makes a pro-rata bonus issue, the number of Shares over which an Option exists and the exercise price will be changed in the manner outlined in the ASX Listing Rule 6.22. If Guvera undergoes a capital reorganisation, then the number of Options and exercise price will be changed to the extent necessary to comply with the ASX Listing Rules.

Other terms of the ESOP

The ESOP also contains terms having regard to Australian law for dealing with the administration, variation and termination of the plans.

Under Section 712 of the Corporations Act, the full terms of the ESOP are incorporated by reference into this Prospectus. Copies of the ESOP are available free of charge by contacting Guvera during the Offer Period.

Offer document and vesting conditions

Eligible employees who are granted Options are issued with an Offer Document that provides the details of their Options and is required to be signed by the eligible employee. Generally, the vesting conditions for eligible employees are:

- (a) Achievement of performance requirements;
- (b) Continuous engagement of the Eligible Employee for a period of 2 years following the grant of the Options;

Notwithstanding (a) or (b), the Options will immediately be capable of exercise pursuant to the terms of the Plan upon the occurrence of any of the following events:

- (c) Sale of the Company or any entity which may control the Company resulting in change of control either in the ability of the current controllers of the Company to pass ordinary resolutions in general meetings or in the ability of the current controllers to control the composition of the Board of the Company (Trade Sale);
- (d) The Company is listed on a recognised stock exchange and Shares have been quoted on that exchange.

There are no disposal restrictions to eligible employees in relation to their Options or Shares.

15.4 Interests and benefits

This section sets out the nature and extent of the interests and fees of certain persons involved in the Offer.

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

- Director or proposed Director of Guvera;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of Guvera; or
- underwriter to the Offer or financial services licensee named in the Prospectus as a financial service licensee involved in the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Guvera;
- property acquired or proposed to be acquired by Guvera in connection with its formation or promotion or the Offer; or
- the Offer.

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No amount (whether in cash, Shares, Options or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of Guvera or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

15.4.1 Interests of advisers

Guvera has engaged the following professional advisers in relation to the Offer:

D H Flinders Pty Limited has agreed to act as Lead Manager to the Offer. Guvera has agreed to pay the Lead Manager the fees described in **Section 15.6** for these services.

AMMA has agreed to provide capital raising services to the Offer and ongoing support services post the Offer. Guvera has agreed to pay the Lead Manager the fees described in **Section 15.7** for these services.

AMMA has agreed to act as Underwriter to a portion of the Offer on certain conditions. Guvera has agreed to pay the Underwriter the fees described in **Section 11.10** for these services.

Arnold Bloch Leibler has acted as Australian legal adviser to Guvera in relation to the Offer. Guvera has paid, or agreed to pay, approximately \$1,600,000 (excluding GST) for these services up until the Prospectus Date. Further amounts may be paid to Arnold Bloch Leibler for other work in accordance with its normal time-based charges.

Ernst & Young Transaction Advisory Services Limited has acted as Investigating Accountant to the Offer and has prepared the Independent Limited Assurance Report included in **Section 13**. Guvera has paid, or agreed to pay, Ernst & Young Transaction Advisory Services Limited fees of approximately \$40,000 (excluding GST) for these services up until the Prospectus Date. Further amounts may be paid to Ernst & Young Transaction Advisory Services Limited in accordance with its normal timebased charges.

Ernst & Young has provided accounting and tax due diligence services in relation to the Offer and has prepared the summary of taxation considerations for Australian resident investors included in **Section 14**. Guvera has paid, or agreed to pay, fees of approximately \$334,000 (excluding GST) for these services up until the Prospectus Date. Further amounts may be paid to Ernst & Young in accordance with its normal time-based charges.

To the extent not already paid, these amounts, and other expenses of the Offer, will be paid by Guvera out of funds raised under the Offer or available cash.

15.5 ASX Escrow arrangements

It is expected that ASX will, as a condition of approving Guvera's application for Listing of its Shares, classify certain Existing Shares and Options held by the Existing Shareholders as Restricted Securities.

Prior to Listing of the Shares (other than Restricted Securities), each holder of Restricted Securities (an "Escrowed Shareholder"), together with applicable controlling parties, will be required to enter into an appropriate restriction agreement with Guvera in respect of their Restricted Securities.

Guvera anticipates that ASX will apply the following restriction arrangements in respect of the following Escrowed Shareholders:

- Security holders who have acquired securities in Guvera in the 12 months prior to the Company's ASX listing ("Seed Capitalist"). Seed Capitalists will have a portion of their securities escrowed for 12 months from the date the securities were issued to them. That portion of the securities which will be escrowed is calculated in accordance with the ASX's Cash Formula set out in ASX Guidance Note 11, which is based on the issue price of those securities as a percentage of the Offer Price of New Shares under this Offer.
- Security holders who received securities in connection with services associated with the promotion or capital raising activities of Guvera ("Promoter"). The securities held by Promoters will be escrowed for 24 months from Listing; and
- Security holders who are deemed to be related parties of the Company in accordance with the Corporations Act ("Related Parties"). The securities held by Related Parties will be escrowed for 24 months from Listing.

A summary of the Shares and Options which will be held by the Escrowed Shareholders as at Completion of the Offer (other than any New Shares that an Escrowed Shareholder may apply for under the Offer), and which are likely to be restricted, is set out in the following table:

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Exhibit 15.5

Escrowed Shareholder	Restricted Securities on a fully diluted basis	Restricted Securities as a % of total number of Securities on a fully diluted basis
Related Parties	419,946,664	30.1%
Promoters	210,337,919	15.1%
Seed Capitalists	116,351,445	8.3%
TOTAL ESCROWED SECURITIES ON A FULLY DILUTED BASIS	746,636,028	53.6%

In aggregate, it is expected that 746,636,028 Securities on a fully diluted basis will be classified as Restricted Securities. This will represent approximately 54% of all of the Securities on issue on a fully diluted basis (assuming all Options on issue are exercised) following Listing assuming the Minimum Subscription of AUD\$40 million.

During the relevant escrow period for each Escrowed Shareholder, the Escrowed Shareholder may not deal in its Restricted Securities. There are limited circumstances in which the Restricted Securities may be released from escrow with ASX's consent, namely:

- to allow Escrowed Shareholders to accept an offer under a takeover bid in relation to their Restricted Securities where holders of at least half of the Shares that are not Restricted Securities to which the offer has been made have accepted the takeover bid; or
- to allow the Restricted Securities to be transferred or cancelled as part of a merger or scheme of arrangement under Part 5.1 of the Corporations Act.

15.6 Offer Management Agreement

Guvera and D H Flinders Pty Ltd ("**Lead Manager**") have entered into an Offer Management Agreement in respect of the Offer ("**Offer Management Agreement**"). Under the Offer Management Agreement, the Lead Manager has agreed to act as manager for the Offer, assist Guvera in the conduct of the Offer and use its reasonable endeavours to solicit Applications for Shares under the Offer.

In return, Guvera has agreed to conduct the Offer in accordance with the terms of this Prospectus and all other disclosures and presentations, its constitution, the Offer Management Agreement, the listing rules, the Corporations Act and other applicable laws.

Guvera is not prohibited from withdrawing its Offer under the Offer Management Agreement at any time before allocation of Shares under the Offer.

15.6.1 Fees

Unless the Offer Management Agreement is terminated by the Lead Manager, Guvera withdraws the offer, or any of the conditions precedent listed below are not satisfied before completion of the Offer, Guvera has agreed to pay the following fees and other payments to the Lead Manager (all exclusive of GST):

- From 22 January 2016 up to the Monday, 18 July 2016, and for a further two months thereafter, a retainer of AUD\$18,000 per month, which is prorated for any period that is less than a full month.
- A selling fee of 1.75% of the gross amount raised under the Offer, in addition to any selling fees, management fees and stamping fees payable to stockbrokers and holders of an AFSL listed below.
- A success fee, payable by issuing AUD\$0.20 Options that expire on 30 June 2019 to the Lead Manager, calculated based on the gross amount raised by non-AMMA stamped Applications under the Offer, and calculated as follows:
 - AUD\$20 million, an initial 250,000 Options;
 - AUD\$30 million, an additional 250,000 Options;
 - AUD\$40 million, an additional 500,000 Options;
 - AUD\$50 million, an additional 500,000 Options;
 - AUD\$60 million, an additional 500,000 Options;
 - AUD\$70 million, an additional 600,000 Options; and
 - AUD\$80 million, an additional 700,000 Options.
- Where Guvera makes an additional placement within 12 months of the listing date to institutional investors the Lead Manager shall be entitled to:
 - a fee of 1.5 % of the amount raised; and
 - a success fee of 250,000 x AUD\$0.20 Options (expiring 30 June 2019) for every AUD\$20 million raised.
- A post-IPO Success Fee upon Guvera's share price reaching at least the Offer Price plus 25% or more within 12 months following the listing date. If this occurs the Lead Manager is entitled to a success fee amounting to 1.0% of the peak rise in market capitalisation of Guvera as measured by the share price at the relevant date multiplied by the number of Shares on issue at the date of official quotation, provided that neither the Lead Manager nor any person acting on the Lead Manager's behalf has taken or will take, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in the manipulation of the price of Guvera's Shares. Any success fee may be paid in cash or Shares in Guvera (as determined in Guvera's absolute discretion).
- Reimbursement for all expenses reasonably incurred by the Lead Manager in providing the management services, or which are incurred by Lead Manager in accordance with any express or implied request or authority by Guvera (including any payments required to be made by Lead Manager to third parties, including the costs of any road shows, travel and accommodation), with any expenses over AUD\$500 to be pre-approved in writing by Guvera.

15. ADDITIONAL INFORMATION

Guvera has also agreed to pay the following additional fees to third parties:

- A stamping fee payable to stockbrokers and holders of an AFSL (where allowed) is 3% of the value of all applications bearing the stamp of the relevant stockbroker or AFSL holder.
- The stockbrokers to the Offer will, in addition, receive a management fee of 1% of the value of all applications bearing their stamp, in addition to a success fee of:
 - 0.25% of the value of the total Applications should their firm deliver applications in excess of AUD\$10 million bearing their stamp; or
 - 0.50% of the value of the total Applications should their firm deliver applications in excess of AUD\$20 million bearing their stamp.

15.6.2 Conditions precedent

The Offer Management Agreement is subject to certain conditions precedent, including certain customary conditions precedent ordinary in such an agreement, including Guvera providing copies of relevant due diligence materials, meeting all ASX's requirements for quotation of the Shares on the ASX, the ASX providing an in-principle decision to certain waivers of the ASX Listing Rules and lodgement of the Prospectus.

15.6.3 Termination rights

Before issue of the Shares under the Offer, the Lead Manager may, following prior consultation with Guvera, by written notice, immediately terminate the Offer Management Agreement, without any cost or liability to the Lead Manager. Such events are where:

- A statement contained in the Prospectus (or any supplementary Prospectus) is or becomes misleading or deceptive or likely to mislead or deceive in any material respect (including by omission) or Guvera otherwise fails to comply with the Listing Rules or other applicable laws.
- Guvera's admission to the official list of the ASX is withdrawn, or ASX indicates that the approval is likely to be withdrawn.
- Guvera withdraws the Offer.
- A new law comes into force which would make it illegal to satisfy certain of the Lead Manager's obligations in relation to the Offer.

15.6.4 Representations, warranties and indemnity

Guvera gives certain warranties to the Lead Manager in respect of the offer, including warranties as to power, status, authorisation, that the Offer Management Agreement is valid and binding and that it will not engage in directed selling efforts or share price manipulation. Guvera further warrants that the Prospectus, the Shares and all related activities will comply with all laws and will not be misleading or deceptive. Guvera further warrants matters related to the state of its business, including its financial information, internal accounting controls, general legal compliance (including anti-money laundering legislation) and that it has not been sanctioned or engaged in corrupt practices.

Subject to certain carve outs for fraud, recklessness or breach of the Offer Management Agreement by the Lead Manager, Guvera and its related parties have given an indemnity in favour of the Lead Manager, indemnifying it from all losses suffered arising from Guvera's breach of the Offer Management Agreement or any unlawful, negligent, reckless or deliberately wrongful act or omission by Guvera in relation to the Offer.

15.7 Capital Raising and Ongoing Support Agreement

Guvera and AMMA entered a capital raising agreement in respect of the Offer ("**Capital Raising Agreement**"). Under the Capital Raising Agreement, Guvera appointed AMMA to raise capital for Guvera during the Offer Period in consideration for payment of a commission on any capital raised by AMMA.

AMMA also agreed to provide ongoing support services to Guvera following the completion of the Offer, including assisting Guvera with investor relations, and providing presentations to prospective shareholders, brokers, institutions and other interested investors. AMMA must provide these services for a period of three months from the date of the Capital Raising Agreement.

AMMA warrants to Guvera the proper, efficient, diligent and competent performance of its obligations under the Capital Raising Agreement. AMMA further indemnifies Guvera (and certain related parties) against all losses suffered in connection with AMMA's services, and where such loss is a result of a breach of AMMA's obligations or AMMA's representations or warranties.

15.7.1 Termination

Either party may terminate the Capital Raising Agreement by written notice if the other party goes into liquidation, makes a composition or arrangement with creditors generally, or takes advantage of any statute for the relief or insolvent debtors.

AMMA may terminate the Capital Raising Agreement by giving 7 days written notice to Guvera if Guvera breaches a material term and fails to remedy such breach within 14 days after a written notice has been provided.

Guvera may terminate the Capital Raising Agreement on 30 days' written notice for any reason. Guvera is able to terminate the agreement immediately if AMMA:

- is unable to perform its obligations;
- commits any act of dishonesty, fraud, wilful disobedience, or wilful misconduct in the course of purporting to carry out its obligations;
- breaches any obligation, representation or warranty; or
- or its representatives commits a material breach of any obligation or warranty (and AMMA fails to remedy the breach within 14 business days' written notice).

15.7.2 Fees

Guvera must pay AMMA a commission of 5.75% of the total of any cash investment received from investors introduced by AMMA during the Offer Period, plus GST on that amount.

Guvera must pay the reasonable costs, charges and expenses of and incidental to the Services incurred by AMMA, provided such costs over two hundred dollars (AUD\$200.00) are pre-approved by Guvera in writing, including:

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- all costs, charges and expenses incurred in connection with roadshows, management presentations and any other investor presentations, invitations, advertising or publicity for the capital raising and ongoing support services (including without limitation all AMMA organised events with accounting firms);
- all direct costs, charges and expenses incurred in connection with the ongoing support services including but not limited to agreed salaries, rental and office costs, investor presentations, travel and accommodation; and
- the reasonable legal expenses of AMMA in respect of the Capital Raising Agreement.

15.8 Underwriting Agreement

Guvera and AMMA have entered into an Underwriting Agreement in respect of the Offer (“Underwriting Agreement”). Under the Underwriting Agreement, AMMA has agreed to underwrite AUD\$10,000,000 of the funds raised by the Offer, conditional upon Guvera first receiving valid applications and payment under the Offer for Shares equivalent to at least a value of AUD\$30,000,000 by 5.00pm on Friday, 8 July 2016. This summary of the key terms of the Underwriting Agreement does not purport to be complete and is qualified by the text of the agreement itself.

15.8.1 Conditions precedent

The Underwriting Agreement is subject to certain conditions precedent before AMMA is required to underwrite the Offer (and AMMA may terminate the Underwriting Agreement if the obligations are not satisfied by the relevant date), including but not limited to:

- certain customary conditions precedent ordinary in such an agreement, including Guvera providing copies of relevant due diligence materials, ASX and ASIC waivers, certain shareholders entering restriction agreements and lodgement of the Prospectus.
- Guvera obtaining ASX approval for admission to the official list of the ASX and grant official quotation of all of the Shares in Guvera by Monday, 18 July 2016.
- AMMA being provided with any documents or opinions they may require, acting reasonably, to show the accuracy of representations or warranties, or to show Guvera’s compliance with any agreements (including the Underwriting Agreement).

15.8.2 Commissions, fees and expenses

Guvera must pay to AMMA an underwriting fee equal to 1.25% (exclusive of GST) of the proceeds raised by the underwritten Shares. Guvera must also pay all AMMA’s reasonable costs, charges and expenses of and incidental to the offer, provided costs over AUD\$1,000 are preapproved by Guvera. This includes all costs associated with the issue of the Shares under the Offer, AMMA’s reasonable legal expenses and all expenses in connection with the lodgement of the Prospectus, or the review of the Prospectus by ASIC, the ASX or any government authority. These expenses are payable irrespective of whether the Offer completes, and the obligations survive termination of the Underwriting Agreement.

15.8.3 Termination events

AMMA may at any time terminate the Underwriting Agreement by notice to the Company immediately (without cost or liability to AMMA) so that it is relieved of all of its obligations under the document if any of the following occur up to and including completion of the Offer:

- **(index fall)** The S&P/ASX 200 Index is, at any time, at a level that is 15% or more below the level it was at on close of trade on the business day immediately preceding the date of the Underwriting Agreement.
- **(material adverse change)** There is a material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the assets, liabilities, earnings, business (including revocation or suspension of any authorisation or licence from a relevant authority required to effect Guvera’s activities), results of operations, management or prospects of Guvera from that described in the Prospectus.
- **(ASIC action)** ASIC:
 - makes an order or interim order under section 739 Corporations Act about the Prospectus;
 - applies for an order under part 9.5 Corporations Act in relation to the Offer or any Prospectus, Application form, supplementary Prospectus, written materials provided to prospective investors (including roadshow presentations) and media statements, announcements, advertisements or other publicity (each an “Offer Document” and together, the “Offer Documents”);
 - holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or any Offer Document under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth) or any other applicable law;
 - applies for an order under sections 1324B or 1325 Corporations Act in relation to any Offer Document; or
 - does any of the following:
 - prosecutes or gives notice of an intention to prosecute; or
 - commences proceedings against, or gives notice of an intention to commence proceedings against, Guvera or any of its officers, employees or agents in relation to the Offer or any Offer Document.
- **(withdrawal of consent)** A person:
 - whose consent to the issue of the Prospectus or any supplementary Prospectus is required by sections 716 or 720 Corporations Act and who has previously consented to the issue of the Prospectus or any supplementary Prospectus withdraws their consent; or
 - gives a notice under section 733(3) Corporations Act.
- **(ASX approvals)** An ASX approval to admission and quotation is withdrawn, qualified or withheld.
- **(notice in relation to Prospectus)** A person gives a notice to Guvera under section 730 Corporations Act in relation to the Prospectus.
- **(adverse change in financial markets)** AMMA forms the reasonable view that it is impractical to promote the Offer or to enforce contracts to issue and allot Shares under the Offer because:
 - of a material adverse change or disruption to the political or economic conditions or financial markets of Australia;
 - a general moratorium on commercial banking activities in Australia is declared by the relevant central banking authority in Australia; or
 - trading in all securities quoted or listed on ASX is suspended or limited in a material respect for one day on which that exchange is open for trading.
- **(directors)** A director of Guvera:
 - is charged with an offence relating to any financial or corporate matter under any laws; or
 - is disqualified under the Corporations Act from managing a corporation.
- **(conduct)** Guvera or any director or other officer, engage in any fraudulent conduct or activity or breach the Corporations Act, whether or not in connection with the Offer.

15. ADDITIONAL INFORMATION

- **(illegality)** A government authority makes it illegal (by statute, order, rule or regulations, official directive or request, including where compliance is in accordance with the general practice of persons to whom the directive or request is addressed) for AMMA to satisfy an obligation under this document, or to market, promote or settle the Offer in accordance with this document.
- **(insolvency)** Guvera or a subsidiary is affected by an insolvency-type event.

15.8.4 Termination subject to materiality

AMMA has certain termination rights that are contingent on a certain materiality threshold being met and may terminate the agreement immediately (without cost or liability to AMMA) so that it is relieved of all its obligations under this document if any sufficiently material termination event occurs up to and including at completion of the Offer. This is where that termination event (considered in light of its likely impact on an investor deciding to invest in Guvera):

- has had or could be expected to have, individually or in aggregate, a material adverse effect on:
 - the financial condition, financial position or financial prospects of Guvera or its subsidiaries;
 - the success or outcome of the Offer;
 - the ability of AMMA to market or promote the Offer;
 - the willingness of persons to apply for or settle obligations to subscribe for Offer Shares under the Offer; or
 - the price or likely price at which Shares are likely to trade on ASX; or
- has given or is likely to give rise to:
 - a contravention by AMMA of, or AMMA being involved in a contravention of, the Corporations Act or any other applicable law; or
 - a liability for AMMA.

The termination events that are subject to the materiality assessment are as follows:

- **(information)** The results of the due diligence process or any information supplied by or on behalf of Guvera to AMMA for the purposes of the Offer Documents or the Offer is or becomes false, misleading or deceptive.
- **(material breach)** Guvera fails to comply with any of its material obligations under the Underwriting Agreement, or any representation or warranty by Guvera in this document is or becomes incorrect.
- **(material contracts)** Any contract, deed or other agreement which is material to the making of an informed investment decision in relation to the Offer is:
 - terminated, rescinded or amended without AMMA's prior written consent; or
 - found to be void or voidable.
- **(legal proceedings)** Commencement of legal proceedings against Guvera.
- **(public action)** Any government authority commences (or announces it intends to commence) any public action against a director in his or her capacity as a director of Guvera.
- **(disclosures in due diligence)** The due diligence report and verification supplied by or for Guvera to AMMA is or becomes false, misleading or deceptive, including by way of omission.

15.8.5 Representations, warranties, undertakings and other terms

Guvera represents and warrants a customary range of matters to AMMA, including warranties relating to its status, power and authority to enter a binding agreement, that the Offer Documents are not misleading or deceptive and in relation to general conduct (of due diligence, compliance with law, including money laundering laws, compliance with agreements). Guvera further gives warranties in relation to its ownership of assets and intellectual property, that no action has been taken to prevent the Offer, there is no litigation, it is not insolvent, the Offer will be valid, that it is eligible for listing (and its Shares for quotation), no material adverse changes have taken place, it has all required authorisations to operate its business, all material contracts are disclosed and Guvera is otherwise complying with those contracts. Guvera warrants its financial information, accounting controls, insurance (including policies and claims), that no sanctions have been imposed and that it does not engage in corrupt practices.

Guvera has undertaken to notify AMMA of any breach of representation, warranty or undertaking, the occurrence of a termination event, to give AMMA copies of ASX and ASIC communications, and that no Guvera subsidiary or its directors will breach certain laws. Guvera undertakes not to vary its Constitution, or alter its share capital, appoint administrators, liquidators or receivers (or similar), issue, agree to issue, offer for subscription or grant any option over, any Shares, units, Options or other securities of the Company. Guvera undertakes to conduct its business in the ordinary course, not dispose of any part of its business, and not to issue a supplementary Prospectus without consent from AMMA.

Guvera and AMMA have also agreed that:

- AMMA may appoint a sub-underwriter with Guvera's written approval; and
- Guvera is obliged to accept all valid Applications received under the Offer.

15.8.6 Nominated Director

AMMA may appoint one suitable Non-Executive director ("**Nominated Director**") to the Guvera Board up and until 30 June 2023, and subject to directors duties, Guvera must provide continued Board support for that Nominated Director where Board or Shareholder approval at any meeting is required for that Nominated Director's appointment or reappointment. The Nominated Director is permitted to disclose all information to AMMA that is received in their capacity as Director of Guvera. Guvera and AMMA have agreed to put in place appropriate protocols to ensure any conflict of interest or other regulatory concerns which may arise from AMMA being a related party or Shareholder of Guvera are appropriately addressed. This Board appointment right survives termination of the Underwriting Agreement.

15.8.7 Indemnity

Subject to certain exclusions, including fraud, negligence or misconduct by an indemnified party, Guvera has also unconditionally and irrevocably agreed to indemnify and hold harmless each AMMA and its related parties against all losses suffered in connection with the Offer or the Underwriting Agreement.

15. ADDITIONAL INFORMATION

15.9 Existing debt facilities

Guvera has in place certain financing arrangements with unrelated parties, in addition to those facilities provided by Coterie Nominees Pty Ltd and described in **Section 9.5.2**. Each of the facilities is fully drawn as at the Prospectus Date. Guvera intends to repay in full each of the existing debt facilities summarised below from capital raised through the Offer or from surplus cash generated from future business operations.

1. Guvera entered into a Deed of Loan dated 13 May 2015 with an unrelated party. Pursuant to that arrangement, Guvera borrowed \$5 million with a repayment period of 12 months. Guvera has fully drawn this loan, which carries an interest rate of 8% per annum, with a reducing balance as the loan is paid down each month. As at the Prospectus Date, AUD\$4.9 million of the loan remains outstanding, and Guvera is therefore in default. As at the Prospectus Date, no enforcement action has been taken by the lender and the Directors do not believe any such action will be taken before Completion of the Offer. The loan carries a right for the lender to convert any outstanding amount into Shares upon a successful initial public offering by Guvera, such conversion to be calculated based on a price per Share of \$0.75. The lender was issued 250,000 Shares and 1,000,000 options exercisable at \$0.01 at the time it advanced the funds. All options have been exercised.
2. Guvera entered into a term sheet dated 31 July 2015 with an unrelated party. Pursuant to that arrangement, Guvera was provided with a facility limit of \$2 million. Guvera has fully drawn this facility. The lender was issued 80,000 Shares at the time it advanced the funds. No interest is payable in respect of the loan amount. The Lender is entitled to convert its debt at any time during the term of the agreement, at a ratio of 1 Share for every three dollars outstanding. Repayment is due in August 2016. At 31 March 2016 the balance of principal and interest outstanding was \$2 million.
3. Guvera has entered into two Business Loan Facility Agreements with an unrelated party.

Pursuant to the first Business Loan Facility Agreement, which was entered into on 15 May 2015, Guvera borrowed \$2 million and has to repay that amount, pay interest on the principal amount (to be calculated based on matters set out in the arrangement), and issue 500,000 Shares to the Lender. That issue of Shares has already occurred and repayment was due on 16 November 2015. Darren Herft is a guarantor under this Business Loan Facility Agreement.

Pursuant to the second Business Loan Facility Agreement, which was entered into on 2 November 2015, Guvera borrowed \$1 million and has to repay that amount, pay a loan fee, pay interest on the principal amount (to be calculated based on matters set out in the arrangement), and issue 500,000 Shares to the Lender. That issue of Shares has already occurred and repayment was due on 2 May 2016.

At 31 March 2016 the balance of principal and interest outstanding was \$1.4 million.

Although the time for repayment under each of the Business Loan Facility Agreements has passed, Guvera has proposed further arrangements to the lender to extend the time for repayment until Completion of the Offer. In consideration of the extension, Guvera agreed to issue 1.2 million Shares. 600,000 Shares have already been issued. The remaining Shares will be issued following Completion of the Offer if the lender accepts Guvera's proposed further repayment arrangements. As at the Prospectus Date, no enforcement action has been taken by the lender and the Directors do not believe any such action will be taken before Completion of the Offer.

4. Guvera entered into a Deed of Loan dated 16 May 2016 with an unrelated party. Pursuant to that arrangement, Guvera borrowed \$1 million and has to repay that amount, pay interest on the principal amount (10% per annum), and issue 400,000 Shares to the Lender. The issue of Shares has occurred. The repayment date is on or around 13 July 2016.
5. Guvera entered into a Deed of Loan dated 20 May 2016 with an unrelated party. Pursuant to that agreement, the Lender has agreed to lend Guvera \$3.5 million. Guvera must repay that amount, pay interest on the principal amount (10% per annum), and issue 600,000 Shares to the Lender. The issue of Shares has occurred. The repayment date is 20 July 2016.

Guvera does not have in place borrowings from recognised financial institutions.

15.10 Regulatory relief

Guvera has sought and obtained from ASX an in-principle decision to grant a waiver in respect of Listing Rule 1.1, condition 11 to permit Guvera to have an issue 12,154,651 unquoted Options with an exercise price of less than AUD\$0.20 exercisable into 48,618,604 Shares. Further detail in respect of those Options is contained in **Section 11.1.4**.

15.11 Expenses of the Offer

If the Offer proceeds, the total estimated costs in connection with the Offer (including advisory, legal, accounting, tax, listing administrative fees, the Lead Manager's management fees, Underwriting Fees, capital raising fees, Prospectus design and printing, advertising, marketing, Share Registry and other expenses) are currently estimated to be AUD\$6.4 million to 10.7 million. This amount will be paid by Guvera.

15.12 Legal proceedings

Guvera is involved in the following material litigation:

1. a claim by the former employees of Blinkbox Music Limited against Guvera Limited (amongst other respondents);
2. a claim by Guvera Limited against former director Michael de Vere, with a counter-claim by Mr de Vere against Guvera Limited; and
3. a potential claim by Guvera Limited against Omnifone Group Limited.

15.12.1 Claim by former employees of Blinkbox Music Limited

On 23 January 2015, Guvera UK Ltd (a wholly owned subsidiary of Guvera) acquired Blinkbox Music Limited, a UK based music streaming service. In October 2015 proceedings were commenced in the United Kingdom Employment Tribunal against Blinkbox Music Limited, BB Music Holdings Limited (previously Guvera UK Ltd) and Guvera by 80 former Blinkbox employees (Claimants). Blinkbox Music Limited and BB Music Holdings Limited are currently in administration.

15. ADDITIONAL INFORMATION

The Claimants assert that there was a transfer of employees between Blinkbox Music Limited and Guvera and that Guvera is responsible for all employment liabilities that were owed to the Claimants by Blinkbox Music Limited. As at the Prospectus Date, Guvera cannot provide a reasonable basis for an estimate as to when this litigation is likely to be resolved, nor can it reasonably estimate the likely impact of this litigation, as the quantum of potential liabilities faced by Guvera is currently unknown.

The claims made by the former employees include claims for:

- compensation and a protective award for failure to inform and consult in relation to making employees redundant;
- compensation for unfair dismissal; and
- damages for breach of contract and/or compensation for unlawful deductions from wages.

At this stage, the total quantum of liability claimed by the Claimants is unclear. However, legal representatives for the Claimants have made public statements that the total quantum could be in the vicinity of GBP10 million.

The matter has been heard on whether the UK Employment Tribunal has jurisdiction to hear the matter against Guvera and the parties are waiting for the outcome of that hearing.

Guvera's Directors believe that it will be able to successfully defend itself against these proceedings on the basis that it has acted lawfully at all times, and that in any event the UK Employment Tribunal does not have jurisdiction to hear the case against Guvera on the basis that it was not the employer of those employees.

As a result of the above claim, there is a risk that service providers who may have outstanding amounts owing by Blinkbox Music Limited, may seek to recover these outstanding amounts from Guvera.

Some of the creditors of Blinkbox are also trading partners of Guvera's broader business. Failure to resolve the Blinkbox litigation may therefore have adverse consequences for Guvera's ongoing business relationship with these trading partners, which in turn has the potential to adversely affect Guvera's business operations.

15.12.2 Michael de Vere

On 6 October 2015, Guvera commenced proceedings in the Federal Court of Australia against Michael de Vere, a former director of Guvera, alleging that Mr de Vere had breached his statutory and equitable duties as a director of Guvera, and his duties as a trustee pursuant to a trust deed entered into between Guvera and Mr de Vere. Guvera alleges that any loss that is suffered as a result of the claim by former employees of Blinkbox Music Limited is due to Mr de Vere's breaches of his directors and trustee duties, and will accordingly claim such amounts from Mr de Vere.

On 22 October 2015, pursuant to an interlocutory application made by Guvera Limited, the Federal Court of Australia made an order freezing the assets of Mr de Vere. The freezing order will remain in effect until further order of the Court. On 8 April 2016, Mr de Vere made an interlocutory application seeking to have the freezing orders discharged or varied. This interlocutory application is contested by Guvera Limited and will be heard by the Court on a date to be fixed.

On 30 January 2016, Mr de Vere filed a cross-claim, alleging that Guvera Limited had breached its services agreement with Mr de Vere. Mr de Vere alleges that Guvera Limited's liability in this respect is AUD6,900,000 (which is also disputed).

The principal proceedings and the cross-claim are presently before the Federal Court of Australia. No hearing dates have yet been set.

Guvera's Directors believe that it will be able to establish that Mr de Vere has breached his directors duties, and will be able to defend itself against Mr de Vere's counter-claim on the basis that it did not breach any obligations it had with Mr de Vere.

In addition to the above proceedings, during Mr de Vere's engagement with Guvera, Mr de Vere and Guvera had entered into a security provider agreement (Agreement). The Agreement provides, amongst other matters, that Mr de Vere may be awarded options to purchase shares in Guvera every 12 months.

Mr de Vere has recently requested that options be issued to him pursuant to the Agreement. In light of the current proceedings against Mr de Vere, Guvera does not propose to issue these options.

Accordingly, there is a strong possibility that Mr de Vere will seek damages against Guvera for breach of contract by either amending his cross-claim, or otherwise claiming that Guvera has breached the terms of the Agreement. If this occurs, Guvera could be liable for loss suffered by Mr de Vere as a result of the non-issue of the options.

15.12.3 Omnifone

Guvera has a contract with Omnifone Group Limited (Omnifone) to provide content ingestion for 17 of the territories that Guvera operated in. On 4 May 2016 Greenwich Mean Time, Omnifone was placed into Administration by the High Court of Justice in the United Kingdom. On 6 May 2016 the Joint Administrators ceased providing content ingestion services to Guvera. The Joint Administrator has requested payment for outstanding amounts owed by Guvera to Omnifone however Guvera strongly disputes those amounts. In addition, Guvera is seriously contemplating a claim against Omnifone for failure to carry out its contractual obligations in the periods prior to and after it was placed into Administration. As at the Prospectus Date, no claims have been made by either party.

15.13 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in Queensland, Australia and each Applicant submits to the exclusive jurisdiction of the courts of Queensland.

15. ADDITIONAL INFORMATION

15.14 Consents to be named and disclaimers of responsibility

Each of the parties referred to below (each a "Consenting Party"), to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following Consenting Parties:

Lead Manager has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as a Lead Manager to the Offer;

AMMA has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Underwriter to the Offer;

Arnold Bloch Leibler has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as legal adviser (other than in relation to taxation matters) to Guvera in relation to the Offer in the form and context in which it is named;

Ernst & Young Transaction Advisory Services Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant in relation to the Offer in the form and context in which it is named;

Ernst & Young has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus with respect to the summary of taxation considerations for Australian resident investors included in **Section 14** in relation to the Offer in the form and context in which it is named.

Ernst & Young has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to Guvera including auditing Guvera's FY15 financial reports, in the form and context in which it is named and has given and not withdrawn its consent to be named as auditor in the form and context in which it is included;

Link has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry. Link has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to Guvera;

Each of the parties referred to below has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it and the statements specifically attributed to it in this Prospectus, in the form and context in which they are included (and all other references to those statements) in this Prospectus:

- 7Digital Group Plc;
- Cisco Systems International BV Amsterdam;
- Edelman Berland;
- eMARKETER, INC.;
- Good Life Music Festival Pty Limited;
- Hang Lam Trang Anh (Suboi);
- IFPI;
- Ivory Music and Video Inc;
- Manhattan Venture Partners;
- Music Reports, INC.;
- Telefonaktiebolaget LM Ericsson;
- TFE Hotels;
- Brightstar;
- UnIndian Holdings Pty Ltd; and
- Virgin Mobile (Australia) Ptd Limited.

No entity or person referred to above in this section has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to above in this section has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus except as stated above in this section.

Each Guvera Director has given and has not, before lodgement of this Prospectus with ASIC, withdrawn his or her consent to be named in this Prospectus as a Guvera Director in the form and context in which they are named and for the statements made by and on behalf of him or her to be included in this Prospectus.

15.15 Photographs and diagrams

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

15.16 Statement of Directors

This Prospectus is authorised by each Director of the Company, each of whom has consented to its lodgement with ASIC and its issue.



16. GLOSSARY

16. GLOSSARY

AASB Australian Accounting Standards Board	Broker Firm Offer The invitation to apply for Shares made under this Prospectus to Australian resident clients of Brokers who have received an invitation to participate from their Broker.
ACCC Australian Competition & Consumer Commission	Broker Firm Offer Application Form An application form attached to or accompanying this Prospectus in respect of the Broker Firm Offer.
AEST Australian Eastern Standard Time	Broker Firm Offer Closing Date The date on which the Broker Firm Offer will close, being Friday, 8 July 2016.
APAC Asia Pacific region, including India.	Business Day A day on which (a) the ASX is open for trading in securities; and (b) banks are open for general banking business in Brisbane, other than a Saturday, Sunday or Public Holiday.
Applicant A person who submits an Application.	CAGR Compound Annual Growth Rate
Application An application made to apply for Shares under the Offer.	CEO Chief Executive Officer
Application Form The relevant form attached to or accompanying this Prospectus pursuant to which Applicants apply for Shares, and includes the General Public Offer Application Form and the Broker Firm Offer Application Form (as the context requires).	CFO Chief Financial Officer
Application Monies The amount accompanying an Application Form submitted by an Applicant.	CGT Capital Gains Tax
ASIC Australian Securities and Investments Commission	CHESS Clearing House Electronic Sub-register System operated in accordance with the Corporations Act.
ASX ASX Limited (ABN 98 008 624 691) or the financial market operated by it, as the context requires.	Closing Date The date on which the Offer is expected to close on, being Friday, 8 July 2016 in respect of the Broker Firm Offer and the General Offer. This date may be varied without prior notice.
ASX Listing Rules The official rules of the ASX.	Cloud Based Refers to applications, services or resources made available to users on demand via the Internet from a cloud computing provider's servers.
ASX Recommendations The third edition of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council.	Company Has the same meaning as the term Guvera.
ASX Settlement ASX Settlement Pty Ltd (ABN 49 008 504 532).	Completion of the Offer The issue and transfer of Shares under the Offer.
ASX Settlement Operating Rules The operating rules of ASX Settlement.	Constitution The constitution of the Company.
ATO Australian Taxation Office	Corporations Act Corporations Act 2001 (Cth)
AUD\$ Australian dollars	CTR Click-through rate, being the number of clicks divided by number of Impressions
Australian Accounting Standards Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.	Director Each of the Directors of Guvera, as appointed from time to time.
Blanket Rights A licence pursuant to which a licensee is granted the right to use all content from a specific catalogue in a specific territory.	EDM Electronic Direct Mail
Board The board of Directors of Guvera.	EI Engagement Informatics Platform
Brightstar Brightstar is a global wireless distribution and services company.	Employee Plans The First Employee Plan and the Employee Plan.
Brand Channel A page or slide dedicated to a brand on Guvera's website or mobile app.	Employee Plan or ESOP The current employee share option plan, as summarised in Section 15.3 .
Broker A broker or co-manager appointed by the Lead Manager to act as a participating broker in the Broker Firm Offer.	

16. GLOSSARY

Escrowed Shareholders

Has the meaning given in **Section 15.5**.

Existing Shareholders

Those persons holding Existing Shares.

Existing Shares

The Shares on issue immediately prior to Completion of the Offer.

Exposure Period

The period specified in Section 727(3) of the Corporations Act, being a minimum of 7 days from the Prospectus Date, which may be extended by ASIC for up to an additional seven days, during which an Application must not be accepted.

Featured Content

Guvera's own curated content consisting of playlists, exclusive articles, interviews and galleries.

Feed Placement

The activity of User displayed within the social feed within the app.

First Employee Plan

Options granted to senior management and eligible employees in July 2015.

Founder Shareholders

Guvera's Founder's Share Options.

Full Track Visibility

A clear view of the upcoming tracks on a playlist.

FY or Financial Year

Year to 30 June.

General Offer

The general offer to Australian-resident Retail Investors.

General Offer Closing Date

The date on which the General Offer will close, being Friday, 8 July 2016.

Guvera

Guvera Limited ACN 132 647 388.

Guv Services

Guv Services Pty Ltd ACN 159 514 931.

Hero Placement

An image used to describe an oversized banner at the top of a webpage.

Historical Financial Information

Has the meaning given in **Section 12**.

HFY2016

The six months ended 31 December 2015.

House of Guvera

A division of Guvera which curates and creates original content to be used on branded channels to create deeper and more engaging experiences for Users.

IFPI

International Federation of the Phonographic Industry.

Impressions

An impression is defined as the point in which an ad is viewed once by a visitor, or displayed once on a web page.

In-app social feature

Social feed within the Guvera app.

Institutional Investor

An investor to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus and, in Australia, an investor who is a "wholesale client" for the purposes of section 761G of the Corporations Act and who is either a "professional investor" or "sophisticated investor" under sections 708(11) and 708(8) of the Corporations Act.

Institutional Offer

An invitation to certain Institutional Investors in Australia and a number of other eligible overseas jurisdictions to apply for Shares.

Institutional Offer Memorandum

A legal document stating the objectives, risks and terms of investment involved with a private placement.

Inventory

Content on the Guvera service, including music and brand advertising

Investor

A person considering the Offer.

Lead Manager

D H Flinders Pty Limited ACN 141 601 596.

Link

Has the same meaning as Share Registry.

Listing

The admission of Guvera to the Official List and quotation of the Shares on ASX.

Maximum Subscription

The Maximum Subscription being sought by Guvera under the Offer, (before any Oversubscriptions) being AUD\$80 million.

MENA

Middle East and North Africa

Minimum Subscription

The Minimum Subscription being sought by Guvera under the Offer, being AUD\$40 million.

Medium Rectangle

A pop-up display advertisement appearing during track play.

Music Channel

A topic-specific collection of content displayed within the product that may include playlists, videos, stations, Users and related editorial.

Music Reports

Music Reports, Inc., a company that manages the administration of Guvera's music publishing rights portfolio.

Native Ad

Online advertising that matches the form and function of the platform in which it appears.

Native Video

Video content that is displayed using video functionality that is built into the Users' device operating system rather than being displayed by a web-based function.

OCI

Other Comprehensive Income

Offer

The offer under this Prospectus of Shares under the General Offer and the Broker Firm Offer.

16. GLOSSARY

Offer Period

The period between the Opening Date Tuesday, 14 June 2016 and the applicable Closing Date for the General Offer, the Broker Firm Offer and the Institutional Offer, being Friday, 8 July 2016.

Offer Website

www.guveralimited.com

Official List

The official list of the ASX.

Offline Caching

Data downloaded and stored for later use without an internet connection.

Options

A benefit in the form of an option given by a company to buy a share at a stated fixed price.

Oversubscriptions

The additional subscriptions under the Offer that Guvera reserves the right to accept, for up to an additional 20,000 Shares, to raise up to AUD\$20,000 in excess of the Maximum Subscription.

Patent family

All the equivalents of a specification.

Pre-IPO Adjustments

The meaning given to the term mentioned in **Section 12.1**.

Product Carousel

A Product is a display graphic element which displays rotating products.

Pro Forma Adjustments

Means Pre-IPO Adjustments and Transaction Adjustments

Pro Forma Historical Financial

Information Has the meaning given in **Section 12**.

Prospectus

This document (including the electronic form of this document) and any supplementary or replacement Prospectus in relation to this document.

Prospectus Date

The date on which a copy of the Prospectus was lodged with ASIC, being 31 May 2016.

Push Notification

Internet based communication providing information or requesting User interaction.

Restricted Securities

Has the meaning given to that term in the ASX Listing Rules.

Retail Investor

An investor who is not a sophisticated or professional investor within the meaning of Sections 708(8) or 708(11) of the Corporations Act or a wholesale client within the meaning of Section 761G of the Corporations Act.

Same Business Test

Determines the ability of a company to claim deductions for past year losses, current year losses and bad debts and determining whether the existence of unrealised losses may affect future deductions and offsets otherwise available to a company.

Section

Means a section of this Prospectus.

Securities

Shares and Options on issue.

Share

A fully paid ordinary share in the Company.

Share Registry

Link Market Services

Shareholder

The registered holder of a Share.

Shortstack

A web based realtime data collection software program. Guvera uses this software program predominantly for competitions on the Guvera service.

Station Algorithm

A series of rules that are applied programmatically to determine a list of musical content that relates to a supplied item of content.

Sony Music Entertainment

A global record music company.

Status

The legal standing of a patent or patent application i.e. pending, lapsed, still protected.

Successful Applicant

An Applicant who is issued or transferred Shares under the Offer.

TFN

Tax File Number

TOFA

Taxation of Financial Arrangements regime under Division 230 of the Income Tax Assessment Act 1997.

Transaction Adjustments

has the meaning given to that term in **Section 12.1**.

Underwriter

AMMA Private Equity Pty Ltd ACN 141 464 208.

Underwriting Agreement

The agreement in relation to the underwriting of the Offer between Guvera and the Underwriter.

US or United States

The United States of America

US Copyright Act

Means the Copyright Act of 1976, as amended.

USD\$

United States dollars

US Securities Act

US Securities Act of 1933, as amended.

User

The individual users who have completed a registration process, by providing certain personal information, in order to be eligible to use Guvera's services.

Virgin Mobile

Virgin Mobile Australia Pty Ltd. Virgin Mobile is a telecommunication service provider.

Warner Music Group

Warner Music Group Corp., being a global record music company.

WiFi

Means a facility allowing computers, smartphones or other devices to connect to the internet or communicate with one another wirelessly within a particular area.

7Digital

7Digital Group Plc, being a business-to-business (B2B) content ingestion provider.



ANNEXURE A: SIGNIFICANT ACCOUNTING POLICIES

ANNEXURE A: SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Financial Information has been prepared on a historical cost basis, except for held for trading financial assets, which have been measured at fair value.

The Financial Information is presented in Australian dollars.

The Financial Information has been prepared on a going concern basis. Refer to **Section 12.2.2** which discloses that the financial reports from which the Statutory Historical Financial Information contained an audit report or limited assurance statement, as relevant, which contained an emphasis of matter with respect to going concern.

Principles of consolidation

Subsidiaries

The consolidated financial information incorporates the assets and liabilities of all subsidiaries of Guvera and the results of all subsidiaries.

Guvera and its subsidiaries together are referred to in this Annexure A as the 'Company', the 'Consolidated entity' or the 'Group'.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Revenue recognition

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

The Consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Consolidated entity's activities as described below. The Consolidated entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and

the specifics of each arrangement.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of direct advertising services is determined with reference to the length of the advertising campaign. Clients are billed upfront at the beginning of a campaign of less than a month's duration, once they have made the commitment with a signed insertion order. Revenue is recognised at this point as the client under the insertion order is legally committed to proceed. For campaigns that run over multiple months, the brands are billed monthly. This ensures a reasonable matching of the timing of service delivery to the timing of the revenue recognition.

Revenue earned from third party advertising aggregators is recognised when payment has been received from the advertising network. The aggregators pay for click throughs when their advertisements are run on the Guvera platform. The revenue is received in arrears, normally 45 – 60 days after month end.

Revenue is recognised for subletting parts of Guvera leased area. The revenue is recognised on a monthly basis at the beginning of the month. The sub lessee is charged in advance of the current month and pays in arrears at the end of the current month.

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

Research and Development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

ANNEXURE A: SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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.

For purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts.

Intangible assets

Patents and trademarks

Patents and trademarks acquired are recognised at the cost of acquisition plus applicable acquisition costs. The cost model is applied following initial recognition. Amounts are amortised over the applicable patent or trade mark period and test annually for amortisation.

Software

Intangible assets acquired separately are capitalised at cost, and if acquired as a result of a business combination, capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to all classes of intangible assets. The useful lives of the intangible assets are assessed to be either finite or infinite.

Where amortisation is charged on intangible assets with finite lives (1-3 years), this expense is taken to the Income Statement through the 'depreciation & amortisation expense' line item. Intangible assets with finite lives are tested for impairment where an indicator of impairment exists. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Pre-paid content arrangements

In order to secure content for provision to customers the Group enters into agreements with third party providers. These third party providers require amounts to be paid up front and are based on "minimum guaranteed revenues". These amounts represent cash amounts paid for access to content over a defined time period. These amounts are capitalised and amortised in line with the use of the minimum guaranteed amounts. Each reporting period the amounts capitalised are adjusted for the relative amounts used in that period. This is recognised as cost of goods sold.

As the agreements operate for a defined period, any unused amounts at the end of the period are non-recoverable. As such, at each balance date the Group assesses outstanding asset amounts and impairs these assets to the expected future usage levels based on current customer demand and operational forecasts.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave, which are non-vesting, are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting period. Consideration is given to expected future wage and levels, experience of employee departures

and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

The Company provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for rights over Shares. The costs of share-based payment transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of share-based payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period). No expense is recognised for awards that do not ultimately vest.

Contributed equity

Ordinary Shares are classified as equity.

Issued and paid up capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of Shares are recognised directly in equity as a reduction of the share proceeds received.

Arrangements which require trailing commission to be paid on equity raised are also recognised at the time of recognition of equity raised by offsetting these amounts against equity. Estimates are made of the amount of trailing payments expected and a liability recorded for these amounts. Each period end these liabilities are re-estimated and adjusted. Adjustments made are recorded in the profit and loss in the period the adjustments are made.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where borrowing costs are incurred in the form of equity instruments or Options the fair value of these items is recognised using the effective interest rate method over the term of the borrowing.

Accounting Standards Issued But Not Yet Effective

The following standards and interpretations have been issued by the AASB but are not yet effective:

Reference AASB 9

Title:

Financial Instruments

Application date of standard:

1 January 2018

Application date for Guvera:

30 June 2019

Summary:

AASB 9 (December 2014) is a new standard which replaces AASB

ANNEXURE A: SIGNIFICANT ACCOUNTING POLICIES

139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.

Classification and measurement

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.

The main changes are described below.

Financial assets

- (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Financial liabilities

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

Impairment

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting

Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.

AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.

Possible impact on Guvera:

Guvera is yet to undertake a detailed examination of the impact of AASB 9.

Reference AASB 15

Title:

Revenue from Contracts with Customers

Application date of standard:

1 January 2018

Application date for Guvera:

30 June 2019

Summary:

AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- (a) Step 1: Identify the contract(s) with a customer
- (b) Step 2: Identify the performance obligations in the contract
- (c) Step 3: Determine the transaction price
- (d) Step 4: Allocate the transaction price to the performance obligations in the contract
- (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.

AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

Possible impact on Guvera:

Guvera is yet to undertake a detailed examination of the impact of AASB 15.

ANNEXURE A: SIGNIFICANT ACCOUNTING POLICIES

Reference AASB 16

Title:

Leases

Application date of standard:

1 January 2019

Application date for Guvera:

30 June 2019

Summary:

The key features of AASB 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for lessees

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

AASB 16 supersedes:

- (a) AASB 117 Leases;
- (b) Interpretation 4 Determining whether an Arrangement contains a Lease;
- (c) SIC-15 Operating Leases—Incentives; and
- (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.

Possible impact to Guvera:

Guvera is yet to undertake a detailed examination of the impact of AASB 16 on Guvera. Guvera is however aware that operating leases held for office premises and other assets will be recorded on the balance sheet. This will increase the recorded non-current asset, current and non-current liability positions of Guvera. It will also reduce lease rental costs and increase depreciation and interest. The exact impact has not yet been determined.



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CORPORATE DIRECTORY

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