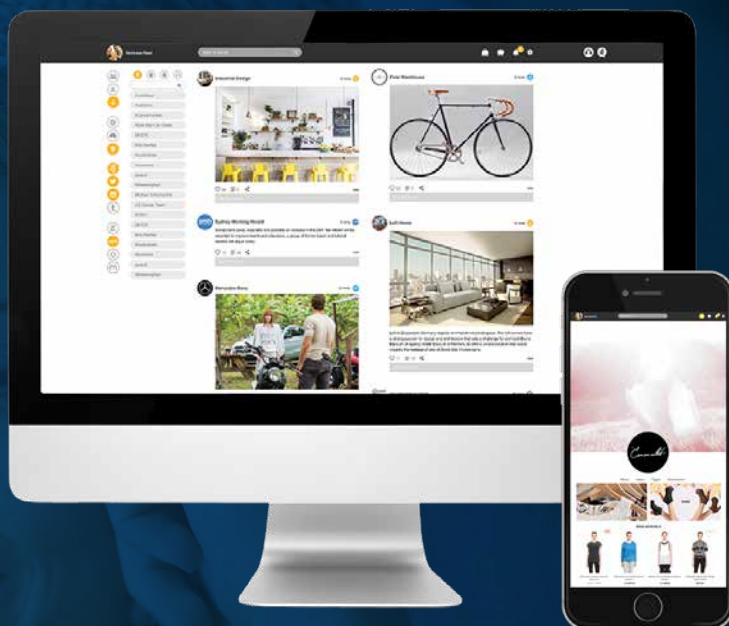


“A revolution in social commerce”

Inside Small Business



# THE NEXT GENERATION ONLINE SHOPPING PLATFORM

Disrupting the USD\$2 trillion eCommerce market with social shopping.



**OFFER OF FULLY-PAID ORDINARY SHARES IN KONVO LIMITED  
AT 0.25C PER SHARE TO RAISE A MAXIMUM OF \$5,000,000**

This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in Konvo Limited\*, trading as Konvo. This Offer is made under the CSF regime in Part 6D.3A of the *Corporations Act 2001 (Corporations Act)*.

**ISSUER:** KONVO LIMITED\* ACN 608 469 147

**INTERMEDIARY:** CROWDFUNDING AFSL PTY LTD ACN 625 510 652 AFSL 509114

\*Formerly known as Konvo Holdings Limited



# **Retail ecommerce sales reached USD \$2.290 trillion in 2017 and are projected to increase to USD \$4.479 trillion by 2021.**

*Retail ecommerce sales worldwide will increase at four times the rate of retail sales jumping 23.2%. Ecommerce sales growth will stay in the double digits until 2021.<sup>1</sup>*

1. <https://www.emarketer.com/Report/Worldwide-Retail-Ecommerce-Sales-eMarketers-Estimates-20162021/2002090>

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## Risk Warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship. Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares. Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you. Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money. There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money. Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

## A Note from the Founders

Thank you for your interest and for considering an investment in Konvo, the next generation eCommerce platform.

Konvo is set to disrupt one of the largest markets in the world, eCommerce. Konvo (Australian for conversation) is an exciting and revolutionary purpose-built social commerce platform developed to reward shoppers and give users an online shopping experience like nothing currently available.

Unlike existing online shops, eCommerce (SaaS) software or marketplaces, Konvo has been built from the ground up to be social - somewhere you can meet friends, discuss and share new and exciting products, discover trending topics and products and of course, shop - even together.

Konvo is just like how we used to shop - with our friends, but online.

Konvo Limited operates in two exploding markets that continue to grow at significant rates. First is online retail or eCommerce where sales reached USD \$2.290 trillion in 2017 and are projected to increase to USD \$4.479 trillion by 2021. Retail eCommerce sales will increase at four times the rate of retail sales jumping 23.2% and will stay in the double digits until 2021.<sup>2</sup> Second is Social Media with more than 3 billion people<sup>3</sup> (almost half the world's population) spending close to 2 hours a day<sup>4</sup> being socially engaged and influenced.

Konvo is a place where a small business or merchant can launch a custom eCommerce enabled store in minutes for no upfront or on-going cost, and a place where shoppers are rewarded for shopping and can discover, discuss, share and shop for amazing new or existing brands and independent products and make purchases across multiple shops, products and categories with just one-click.

You'll find here our business strategy and discover what it could mean to a customer, and for you in the future (sharing in the profits that we make as we grow together).

Thank you for taking the time to read this document. Please consider the risks involved in building this new business as detailed in section 2.4. We hope you join Konvo as an investor and customer.

Warmest regards,

NICHOLAS REID



Co-Chief Executive Officer

DAVIDE DE VINCENTIIS



Co-Chief Executive Officer

# Konvo is a revolution in social commerce<sup>1</sup>

**Inside Small Business**

1 <https://insidesmallbusiness.com.au/planning-management/konvo-a-revolution-in-social-commerce>

2 <https://www.emarketer.com/Report/Worldwide-Retail-Ecommerce-Sales-eMarketers-Estimates-20162021/2002090>

3. <https://wearesocial-net.s3.amazonaws.com/sg/wp-content/uploads/sites/9/2017/08/01-We-Are-Social-Hoostuite-Global-Digital-Statshot-Q3-2017.png>

4. <https://www.entrepreneur.com/slideshow/306136>

## 2.0 Information about Konvo

Konvo launched Stage 1.0 and Stage 2.0 of the Konvo eco-system to rigorously test Konvo's unique social shopping algorithm TrueTrend prior to the development of the revenue generating stage of the Konvo eco-system. Konvo recently closed its 24-month live Beta (pre-revenue) testing phase (Stage 1.0 and Stage 2.0), in preparation for the development of the final stage of the Konvo eco-system, Stage 3.0. Subject to the amount of capital raised, Stage 3.0 is anticipated to be live within 8-14 months.

### 2.1 Company Details

This offer of shares is made by Konvo Limited ACN 608 469 147 ('Konvo' or the 'Company'). Konvo was incorporated as a public company on 28 September 2015 in Queensland.

**Registered office and contact details;**

Care of Viden Group Pty Ltd,  
47 Nerang Street, Nerang, QLD, 4211.

**Principal place of business;**

Level 3, 50 Cavill Avenue, Surfers Paradise,  
Gold Coast, Qld 4217.

### 2.2 Description of the Business

#### 2.2.1 What is Konvo?

Konvo is a revolutionary purpose built social commerce platform and two-sided marketplace designed for both Merchants & Shoppers and developed specifically to allow people to natively discover, discuss and shop online.

Konvo gives consumers an online shopping experience unlike anything currently available and offers retailers and merchants of all size, software as a service (SaaS) to help them with the development and maintenance of a successful independent eCommerce and social commerce (SoCom) business but with the inherent benefits of a marketplace.



## What is Konvo?

To put it most simply, Konvo is like a traditional shopping centre but online.

However, unlike any existing online marketplace, Konvo has been developed from the ground up to be social - somewhere shoppers can meet their friends online, discuss new and exciting products, discover trends and even shop together.

For small business, Konvo is truly revolutionary. Konvo takes the best part of an online marketplace, traffic and shoppers, adds the power of a traditional software solution, branding and customisation, and then seamlessly integrates the inherent influence of a native social engine. And all this for no establishment cost or on-going monthly fees.

**Konvo is simple, intuitive and it's revolutionising the biggest growth segment in history.**



Unlike any existing eCommerce solution or marketplace, Konvo uses Blockchain technology, giving merchants and shoppers unparalleled confidence in transactional security.

### 2.2.2 Why Social Commerce?

Not only have we been influenced by our peers and shopped socially offline for years, but our online shopping habits have seen a recent and significant shift. Our online purchase behavior was influenced mostly by convenience, choice and price. However recently social proof and validation, or what your friends think, is now one of the single largest influences in the online retail purchase decision<sup>4</sup>.

So if social validation is such an important part of the online retail purchase decision where can you natively discover, discuss and shop in the one convenient location? Well you can't. Not natively anyway, until now.

### 2.2.3 The Emerging eCommerce Problem

Although online retail continues to be one of the fastest growing segments online, getting started and selling goods and services online can be a very confusing, daunting and expensive task.

Building an eCommerce business is actually a very sophisticated problem for most merchants. Merchants must spend a substantial amount of time finding a system that suits their needs, learning and managing the complex backend systems and finally market their products without any assistance.

In addition, most if not all current marketplaces and SaaS eCommerce solutions require considerable investment at an early stage and further on-going monthly fees for the maintenance of their online retail environment.

### 2.2.4 The Solution

Konvo changes the landscape and offers all types, sizes and stages of business a better solution for fully enabled eCommerce capabilities. Konvo is a place where merchants can launch a fully autonomous, custom store in minutes for no establishment cost on-going monthly fees and no coding experience and somewhere shoppers can meet friends, discuss new and exciting products, discover general or specific trends with Konvo's proprietary algorithm TrueTrend™, and of course, shop - even together.

Konvo has been developed with multiple robust revenue models at its core and revolutionary features that bypass traditional merchant barriers. Konvo simply charges a small percentage of commission on sales which means it's in Konvo's best interest to help merchants promote and sell more. It's simple - the more a merchant sells the better for the platform. Konvo is pro-business and a platform determined to help small business succeed.

**Social validation is now one of the single largest influences in the online retail purchase decision.<sup>4</sup>**

<sup>4</sup> <https://www.socialmediatoday.com/marketing/masroor/2015-05-28/social-media-biggest-influencer-buying-decisions>

### 2.2.5 How is Konvo Different?

Apart from Konvo's obvious benefits for both merchants and shoppers, to understand how Konvo is truly different let's look at the current options for small business;

#### Marketplaces

Marketplaces like Amazon, Etsy and eBay to name just a few are a great option for merchants to get started selling online. They are easy to use and feature the one thing every business needs, customers. However they have a number of fundamental flaws. First being fees, fees and more fees. Second and most problematic is marketplaces by nature are designed to serve the marketplace brand more so than the individual store owner. It's simply a numbers game and not self-sustaining long-term.

Take Amazon for example - on a shopper's end, every listing appears basically the same as though Amazon is selling the item, despite the fact that these items are often being sold by hardworking independent businesses.

That's like a shopping centre where every shop looks identical with the only difference being the product in the window. Sounds like a pretty boring shopping experience right?

So can they change or adapt? To compete with Konvo's revolutionary model they would be required to integrate a native social engine, change from a marketplace serving model to an individual brand serving model (customisation) and forfeit any upfront fees, listing fees and any on-going monthly fees.

#### SAAS (Software as a Service)

People build relationships with marketplaces but even more so with individual brands large and small.

To create a brand and online shopping presence a merchant would traditionally look to a SaaS solution. These software eCommerce solutions like Shopify and free solutions like WIX and Wordpress to name a few are perfect for building this brand presence.

However with SaaS solutions, merchants must spend a substantial amount of time finding the system that suits their needs, learning and managing the complex backend systems and then the biggest issue of all, market their products with some native 'app' or software assistance but at a substantial marketing cost. The SaaS product service effectively ends for a merchant once the store is developed yet the monthly fees don't. Most merchants are simply left on their own to find customers or shoppers.

So can they change or adapt? SaaS solutions could adapt a marketplace model to help their merchants, but this would require a new approach. In addition they would forfeit all upfront costs and any on-going monthly fees - a substantial cost.



## 2.2.7 How does Konvo work?

Konvo is a multi-vendor, one-click social marketplace where users discover products and brands through Konvo's proprietary algorithm, TrueTrend® which delivers merchants and shoppers real-time social validation. To develop a more efficient eCommerce model called for a re-engineered eco-system.

During the research, planning and development of Konvo, a proprietary eco-system was developed which is key to the future of eCommerce and success of Social Commerce.

This unique eco-system required staged development in the following order:

- Stage 1.0, Native social engagement with Konvo Personal;
- Stage 2.0, user and customer relevance with Konvo TrueTrend®; and
- Stage 3.0, a native shopping environment with Konvo Shop.

The Konvo platform is explained further in figure 1.0;

**Discover, discuss, share and buy amazing goods and services from merchants all over the world.**



Figure 1.0

## Konvo Personal

Konvo Personal is the preliminary tier that will always remain free for all users to join and access. Konvo Shop customers can checkout as a 'guest' if they so choose, however to access the full features and benefits of social-shopping (eg. Koin rewards, social validation and TrueTrend®), customers must register for a free Konvo Personal account and if they choose to invite their friends to join the Konvo they will also be rewarded with Koin (Konvo Rewards) to put towards their next purchase.

Konvo Personal is designed as a one and only personal social presence and serves as a user's safe place on the web. Konvo Personal is designed to put users back in control of their social experience, and allows users to build a personal and safe online presence and letting them use all initial features within the eco-system.

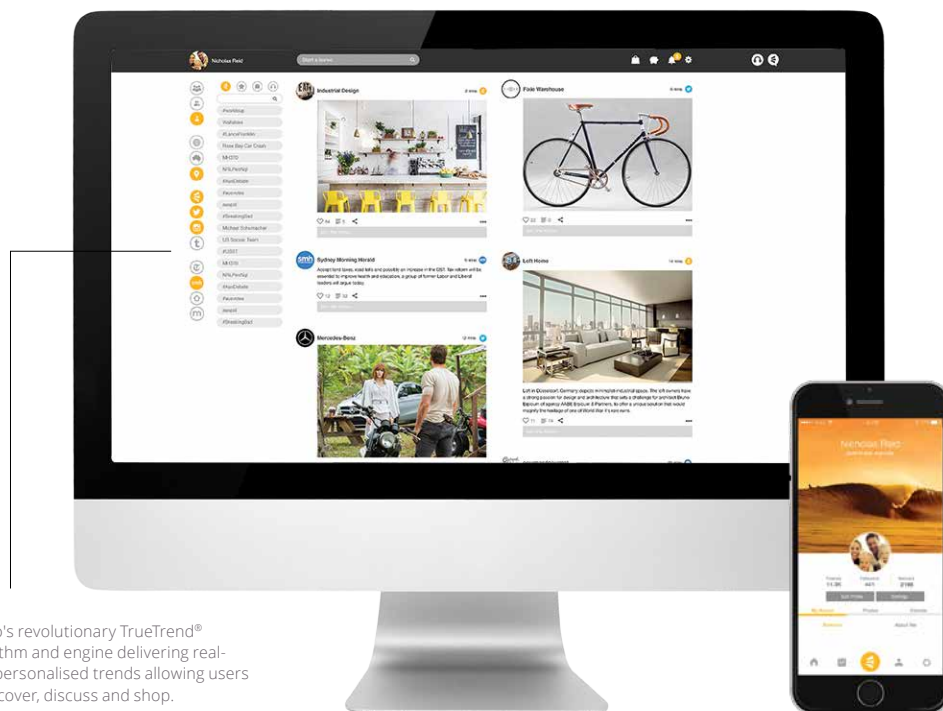
Users are able to:

- Customise their wall and 'Kanvas' – Users can choose to tell as much or as little about themselves as they prefer. They can upload



profile and 'Kanvas' photos, choose an avatar or photo to represent themselves online and customise their walls to reflect their personalities.

- Choose their audience – 'Global', 'friends' and 'following' are three interface options that users can customise as to whom they want to see content from. 'Global' allows users to see konvo's from the wider Konvo community and is made up of people who have selected to



Konvo's revolutionary TrueTrend® algorithm and engine delivering real-time personalised trends allowing users to discover, discuss and shop.

Konvo Kanvas. A user's personal webpage with custom domain.

show their profiles and posts publicly. 'Friends' lets users see konvo's from the people they have chosen to become friends with on Konvo. Whereas 'following' lets users view posts by people they choose to enjoy posts from but may not necessarily want to be friends with.

- Add channels – Users can add channels they are interested in, including news, sports, finance, tech, business, gaming, food, design, fashion, science, travel and more. They can turn on channels when they want to see posts from a particular channel or silence it when they're not needed.
- Trending konvo's – TrueTrend® gives users the ability to see what's trending across their selected social feeds, taking into account content from not only hashtags, but also

comments, statuses, cross platforms and channels, to produce a real-time, universal True (not fabricated) Trend.

- Custom personal website – With the unique ability for users to customise and build their own unique Konvo Profile and featuring custom URL pointing allows a user to use their Konvo profile as their own personal web page.

#### **Pricing / Fee: FREE**

#### **Premium Features:**

- Purchase personal domain/s and point to Konvo profile;
- Buy Kanvas credits for additional customisation options;
- Konvo Keep, Online file sharing and storage through Konvo profile.

FEATURE	BENEFIT
<b>Post, Comment &amp; Tag</b>	Users are able to express themselves through posts, shares and updates and can interact with their friends and followers through comments and tagging to increase their engagement/maintain relationships online.
<b>Chat &amp; Call</b>	Users can use instant messaging to exchange messages in private and respond in real-time, allowing them to directly communicate with friends and/or followers without their konvos being publicly displayed.
<b>Friend/Follow</b>	Users can connect with friends/followers to enrich their feeds and value from Konvo by filling their feeds with content from people they value or have an invested interest in.
<b>Audience Preferences</b>	<p>Users can customise who they want to see content from and interact with through three different audience options: everyone, friends and following.</p> <p>Everyone: users can see konvos from the wider Konvo community and is made up of people who have selected to show their profiles publicly.</p> <p>Friends: users can see konvos from the people they have chosen to become friends with on Konvo, and vice versa also enables them to see that particular users posts and updates.</p> <p>Following: users can see posts from people they enjoy seeing posts from but may not necessarily want to be friends with. While users will be able to see their updates, the people they choose to follow won't be able to see their individual posts.</p> <p>Users are not bound by one setting on Konvo - they can switch between everyone, friends or following preferences whenever they like.</p>

<b>Add Channels</b>	Users can add channels they're interested in, including news, sport, finance, tech, business, gaming, food, design, fashion, science, travel and more. Users can find out what's happening around the world whenever they want through selecting a particular channel to integrate into their dashboard and silencing it when they're no longer interested.
<b>Photo/Video Sharing</b>	Users can visually share photos and video updates with their network - another way for them to engage with the friends and following.
<b>TrueTrend</b>	Users are able to stay in the know and see what is trending based upon the customisable settings they choose. Whether they select to see what's trending between their friends, a specific geographical location, the wider Konvo community or many more different prefaces. They remain in control of how they find out what's popular and being talked about amongst their selected feeds and can use this to join konvos of particular interest to them, connect with like minded people and start their own conversations.
<b>Not Safe for Work (NSFW)</b>	Users can ensure their content remains safe for work and that no inappropriate content is displayed while they have their NSFW setting activated.
<b>Invite Non Konvo Friends</b>	Users can extend their Konvo friends and followers network beyond who they already have on Konvo by inviting friends external to the ecosystem. Allows users to share Konvo and their experience with non-Konvo users.
<b>Konvo Koin</b>	Users can set up Konvo accounts and connect their credit cards or make a one-off purchase of Konvo Koins to more conveniently buy within the Konvo ecosystem, whether they are seeking to access premium Konvo emojis for a small price, shop online, or more.
<b>Konvo Shop</b>	Users can discover exciting new brands and shops based upon what their friends are into or what is trending within the selected preferences, and purchase from these retailers directly within the Konvo experience. They can complete the entire sales cycle on Konvo from discovery to purchase without ever having to leave the platform.

## Konvo Shop

Along with social media, online shopping is one of the largest online activities, with 3 in every 4 Internet users having shopped online at some stage. Online shopping, however, has not as yet embraced the social aspect of how influence, recommendations, comparison and trust, factors into shopping.

Shopping used to involve consultation with friends and discovering new trends with real conversation.

Konvo wants to bring the social aspect back to online shopping with the introduction of Konvo Shop, the world's first social shopping platform, which gives users an unparalleled social shopping experience and merchants the opportunity to create their own online store and sell products directly through the Konvo social ecosystem.

Konvo Shop is a unique, multi-category, multi-vendor marketplace where shoppers can purchase across multiple vendors and self-branded stores and pay in one easy payment.

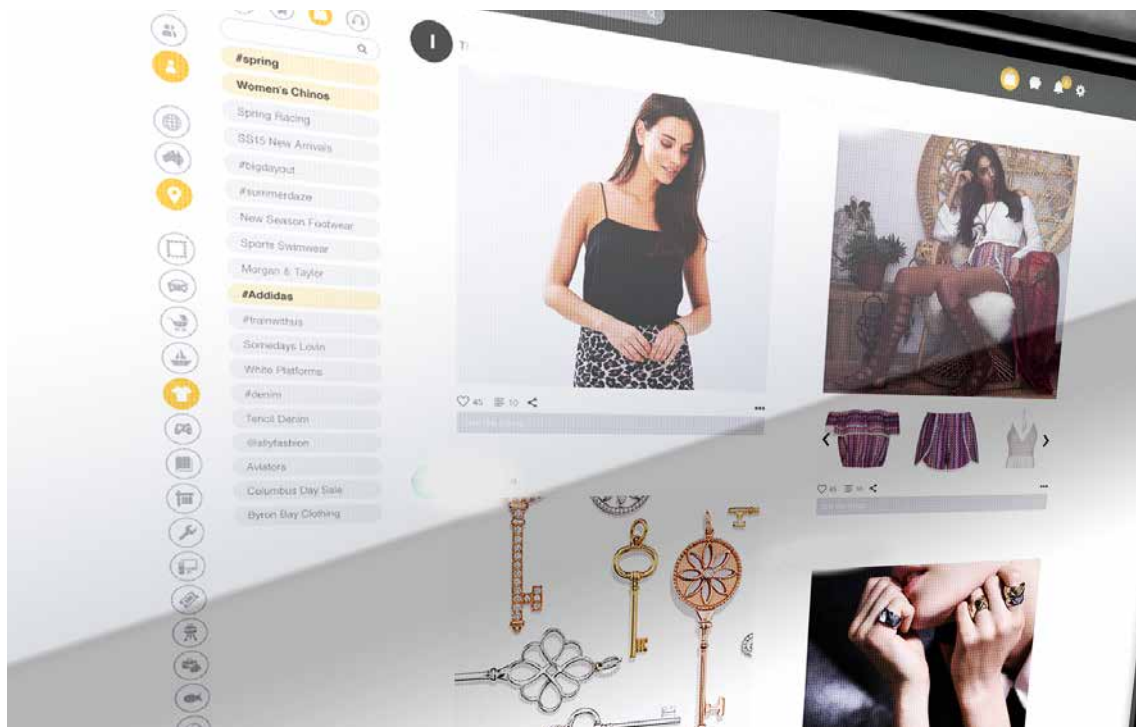
Konvo Shop also integrates Konvo Personal the social platform powering Konvo Shop and allows



users to build a social profile where they can share, discover and post in a social environment. Through the revolutionary Konvo TrueTrend® engine, Konvo delivers personalised trends allowing users to discover great new and exciting stores, brands or products.

Konvo Shop will also do away with the traditional barriers to merchant user uptake by offering:

- Free eCommerce enabled website;





- Free and premium templates;
- Easy fuss free on-boarding and revolutionary Merchant of Record;
- Simple percentage of sale model;
- Automated user rating system to keep stores fresh and motivated;
- All within an inherent SEO (search engine optimised), SEM (search engine marketing) & Social eco-system.

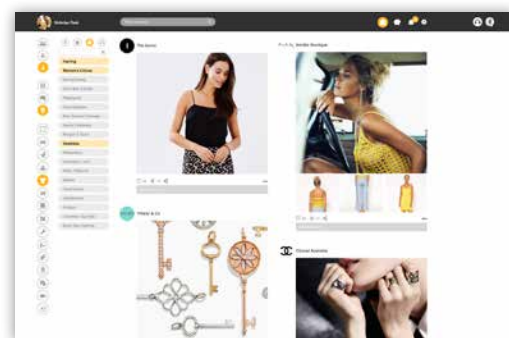
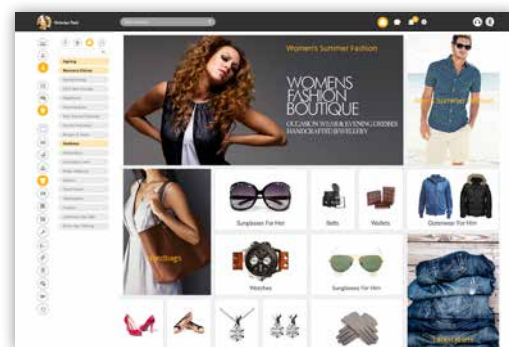
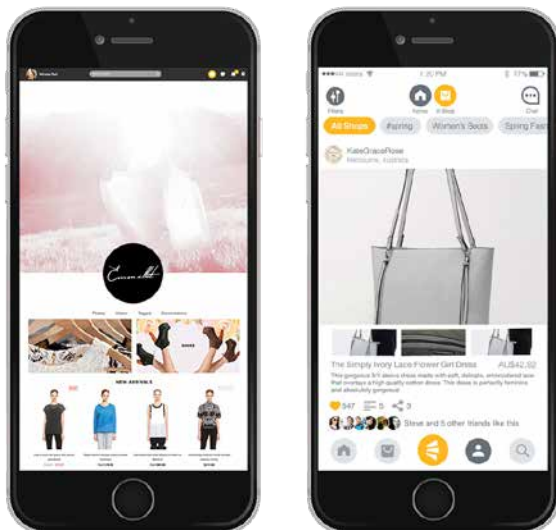
Users are incentivised to join Konvo and invite their friends with the ability to control their feeds and share discounts from businesses and advertisers on the Konvo platform. When a consumer makes a purchase from Konvo Shop - they will be given discounts to invite friends. The more friends a user invites to Konvo the more discounts or bonuses they will have access to.

The TrueTrend® algorithms will help users discover what their friends are discussing, recommending & buying in real time, giving them social influence and validation unavailable anywhere else. Through these unique features,

Konvo consumers will have access to numerous benefits.

### Benefits for buyers:

- Shoppers are rewarded with Koin rewards for simply sharing purchases or liked items with friends which can then be used against future purchases. Konvo rewards you for shopping.
- By incorporating TrueTrends into Konvo Shop, users will be able to discover what their friends are buying and what is trending in shopping purchases across various groups and/or locations.
- Using Konvo's proprietary TrueTrend® consumers can discover and shop as a guest or create a profile to share, discuss, discover, interact and receive peer validation as they shop online.
- Users can also purchase across multiple shops, products and categories with a simple one-click one-transaction shopping cart.
- Due to a simplified payment method, operating and selling fees for merchants are expected to



be significantly cheaper in comparison to other online shopping models which can be passed on to buyers.

### Benefits for sellers:

- Users that wish to participate in selling goods will have the opportunity to use predesigned templates to customise their shop page or create new ones to match their brand personality, once again giving users control over their social experience.
- Each Konvo Shop owner will have a unique URL or can choose to point their own URL to promote and share their online stores to the public. Konvo Shop fronts will be visible to non-Konvo users and shoppers will be able to purchase as a guest from a Konvo Shop but only joining Konvo and inviting friends will give users access to discounts and special offers.

- Konvo has been working towards developing a revolutionary new payment gateway that will eliminate the need for applying for a personal merchant facility, resulting in less fees and a simplified process.
- Konvo Shop merchants will also be included in their own micro and macro geo-location location.
- Due to a simplified payment method, operating/selling fees for users are expected to be significantly cheaper in comparison to other online shopping models.

### Pricing / Fee:

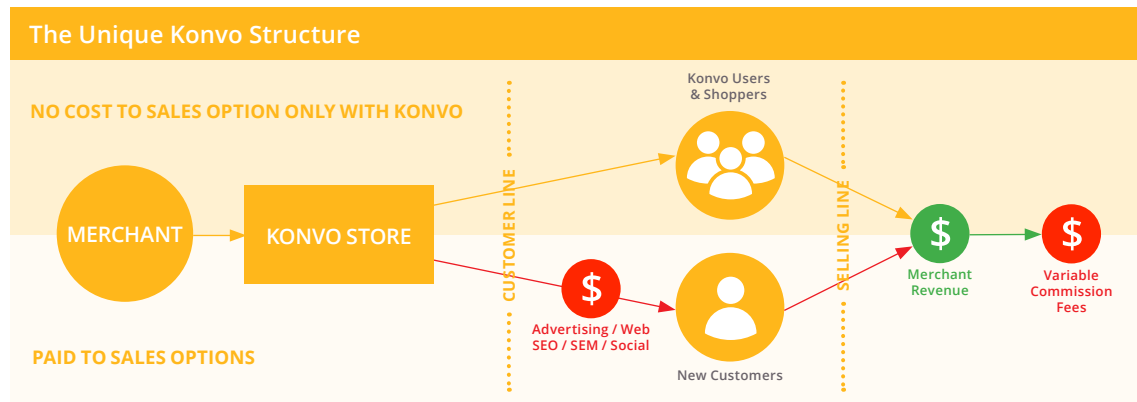
**Buying:** Cost of product with no additional fees.

**Selling:** 5-10% of revenue. Konvo is a pro-business platform with free sign-up & unlimited product listings so merchants can start selling almost immediately with no barriers.

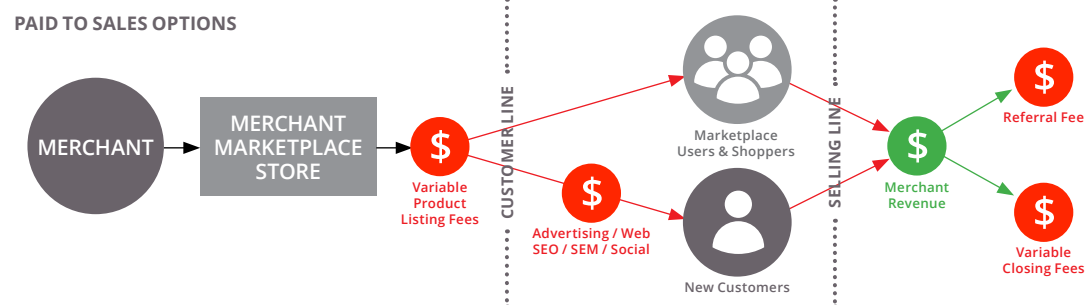
FEATURE	BENEFIT
For Sellers	Free E-commerce enabled micro-site with full customisation
	URL pointing for complete brand control
	Live Technical Support 24/7
	E-commerce capabilities with list of itemised products and services
	Retail and Social analytics and customer semantics
For Buyers	Discover, discuss and share products and shops with friends to be rewarded with Koin to use for discounts all within the Konvo eco-system
	Easy and safe e-commerce transactions
	Buy from multiple shops from multiple categories with one click cart purchase
	Reviews and feedback
	See what your friends are buying, recommending and discover trends through various filters
	Discover new and trending products and services
	Customer Support 24/7



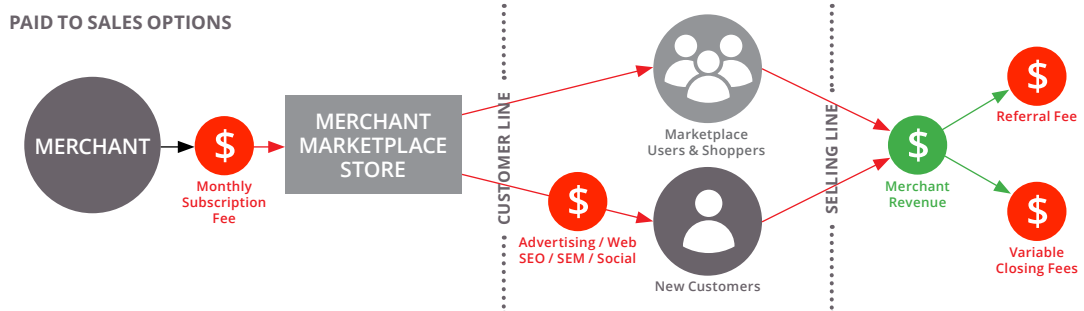
## 2.2.8 The Konvo Merchant Cost to Sales Difference



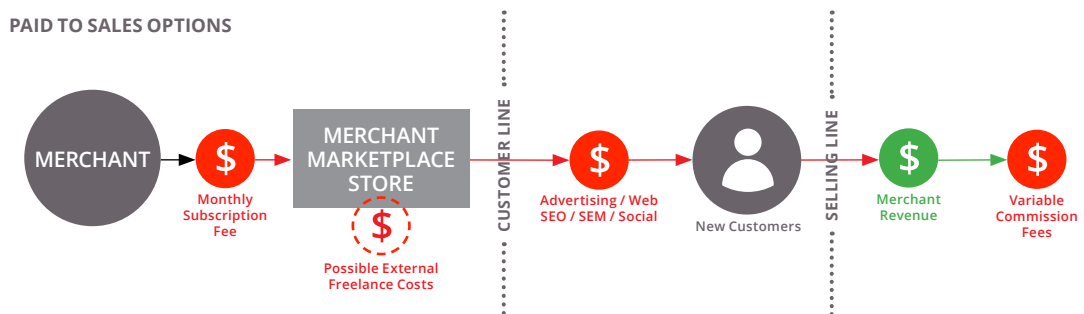
### Marketplace Model (eg. Amazon, eBay, Esty)



### Marketplace Subscription Model



### SaaS / Software as a Service Model (eg. Shopify, Wix)



## Konvo Business

Konvo Business has been developed to cater to any style or size of business, allowing people to create a Konvo Business page and micro-site where they can then promote, exchange, post or share content to their Konvo user base or externally as an independent web presence.

Developed specifically for business struggling with ever increasing digital footprints and soaring digital costs, Konvo allows a business to create a customised micro-site that sits within a social environment and can be promoted externally to Konvo without any hosting or on-going fees ever.

Established companies and small business alike will be able to quickly and easily set up and create a customisable micro-site for FREE. They may quickly and efficiently transfer their existing content onto Konvo, or build a new presence with our revolutionary WYSIWYG (What You See Is What You Get) editor, tools and templates which will become the future of web development. In addition they will be able to purchase a domain address through Konvo and point the URL to their Konvo page, effectively making their Konvo micro-site their primary web presence.

To create a business page, an individual must hold a personal account with Konvo. The sign-up process will be simple and let businesses interact and create content immediately.

Konvo Business will enable users to:

- Speak directly to 100% of their followers without the need to pay for further reach or post promotion.

- Invite their current contact database through a simple email or contact list system, including customised messages.
- Customise their business page to be a true reflection of their brand personality and image, giving them more control over how they are representing themselves to the Konvo community and globally online.
- Promote their Konvo URL through their own channels; each Konvo Business page will have its own unique Konvo URL that lets businesses promote their Konvo page external to the Konvo ecosystem.
- Undertake a Konvo advertising campaign managed through Konvo Ads, the easy to use campaign manager system, to increase their user base and capture targeted demographics and markets. Konvo Ads will let businesses do adsplit tests, messaging, help them design and write ads with templates, hints and tips.
- Konvo Business differentiates from traditional models, is in its ability to reward businesses rather than penalise them when it comes to directly communicating with their user base.

**Pricing / Fee: Free for businesses to create an account.** Charges will apply for targeted Konvo Ad Campaigns. Advertising fees are based upon the industry standard (click per cost per reach). Freemium model for premium templates, URL purchase and pointing through Konvo and additional premium business tools.

FEATURE	BENEFIT
Post, comment and tag	Businesses are able to express themselves through posts, shares and updates and can interact with their customers and following through comments and tagging to increase their engagement/maintain relationships online.
Audience channels	Businesses will be able to add relevant and interesting channels into their feed, so that they can re-share and engage in conversations about specific topics.

<b>Integration of business social accounts</b>	Businesses can integrate and share updates from other available social accounts with relevant API's such as Twitter.
<b>Photo/ video sharing</b>	Businesses can upload and share videos with audiences.
<b>Call to Action Button</b>	Call to Action button will give followers/ customers the opportunity to act on what the business is pushing. Actions could include call now, visit now, buy now etc.
<b>Konvo Ads</b>	Business users will have access to Konvo Enterprise to implement a Konvo Ad campaign.
<b>Real-Time Conversational Data (TrueTrend)</b>	Business users will have access to Konvo Enterprise to access real-time trending conversational data to further understand audience and target market.
<b>Shareable URL shop front</b>	Businesses will be able to share their business Konvo URL directly with others to promote it as a standalone website.
<b>24/7 Customer service</b>	Konvo Business users will have access to the business's customer service centre (should the business choose to make that available).
<b>24/7 Technical support</b>	Konvo Businesses users will always receive 24/7 technical support should they encounter any technical issues.

## Konvo Enterprise

Konvo Enterprise is a Konvo Management System giving Enterprise customers' access to valuable user analytics for commercial purposes, acting as a complete engagement, scheduling and management tool. By giving Enterprise customers access to real-time trending data, customers can change and customise their message in real-time, subsequently reaching customer segments.

Konvo Enterprise lets users:

- Access real-time conversational data from specific market segments (demographic specific).

- Use conversational data and analytics to identify conversations their customers are having, develop tailored messages for specific audiences and create highly targeted Konvo Ads campaigns.

**Pricing/ Fee:** Various Enterprise packages will be offered at competitive industry rates.

FEATURE	BENEFIT
<b>Real-Time Conversational Analytics Data (TrueTrend)</b>	Businesses accessing Enterprise real-time conversational analytics data will be privy to real-time data that is occurring throughout the entire ecosystem. They can use this data to change their conversations with their consumers and target market, join conversations and gain insight into their market.

<b>Demographic Insights</b>	Access to their consumer/ follower demographic will be made available.
<b>Create Targeted Campaigns</b>	Businesses will be able to create a highly targeted campaign with the support of Konvo guides, customisation templates and Ad specialists.
<b>Monitor and Track Campaigns</b>	Konvo will provide details reports to businesses on both progress and impact of their Ad campaigns. Monitor, track and split test campaigns and generate reports on campaign success.
<b>Call to Action Button</b>	Call to Action button will give followers/ customers the opportunity to act on what the business is pushing. Actions could include call now, visit now, buy now etc.
<b>Live Technical Support 24/7</b>	Business users will have access to Konvo Enterprise to implement a Konvo Ad campaign.
<b>Media Management &amp; Publishing</b>	Business users will have access to Konvo Enterprise to access real-time trending conversational data to further understand audience and target market.
<b>Monitor Key Words</b>	Users can monitor key words.
<b>Personalised Content Share Suggestions</b>	Personalised content share suggestions and lead generator.

## Konvo Koin

Koin is Konvo's payment gateway and reward program developed to make payment processes more efficient and easy-to-use for both merchants and users.

### Benefits:

- Users will be able to attach their credit card to their profile to buy Koin to pay for products and services on Konvo Shop all within the

Konvo ecosystem and in just one click. A fund balance will be visible to users at the top of their screens.

- Koin will offer promotional discounts incentivising users to use points.

**Pricing/ Fee:** Koin will be rewarded and redeemed for Konvo subscribers at 1 Konvo Koin for \$1 spent.



## Komuniti

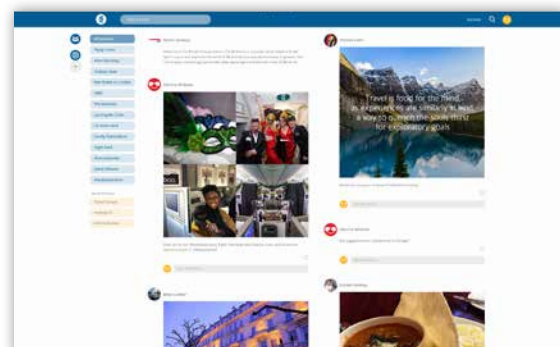
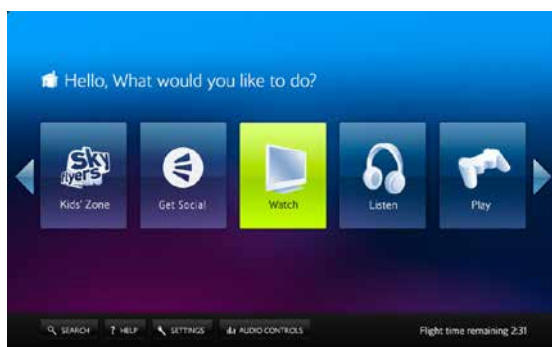
Komuniti is an enterprise white-label software solution which allows business of all size to release their own branded social community powered by Konvo. Komuniti is designed to drive user engagement with new and existing customers on a deeper level.

Komuniti delivers realtime customer data and analytics and also allows business to build their own ecommerce enabled social Konvo Shop and link it to Komuniti. With Konvo's revolutionary TrueTrend™ engine the businesses users can discover what is popular and being purchased by

their social peers and get 'social validation', the single biggest influence in online purchase.

With Komuniti Premium, business can even manage advertising on their network with Konvo Ads and generate revenue with commission from advertising sales.

**Pricing/ Fee:** Monthly/Annual Subscription Model.



Example of Komuniti white label. Illustration only.



### 2.2.9 What is in the pipeline for Konvo?

As technology advances and the Konvo platform evolves, so will Konvo's product offerings.

Konvo is committed to giving both merchants and shoppers a unique online shopping experience by allowing shoppers to engage socially with friends in a Virtual Reality environment and make purchases with confidence using their own virtual body double. Users will be able to filter and shop for body shape or try products on in the Virtual Reality dressing room and get social validation in real-time.

Additionally, Konvo's Augmented Reality environment allows shoppers to purchase a product for the home or office by seeing the product in-situ. Merchants will be guided through the product AR & VR process by way of the Konvo EDK (Easy Development Kit).

#### Artificial Intelligence

Along with the development of Konvo's automated AI learning advertising platform,

Konvo is working with IBM and IBM Watson to deliver social and consumer behaviour analytics and semantics and presented in a user friendly currently unavailable in market.

#### Augmented Reality

Konvo intends to incorporate an augmented shopping experience into the Konvo product platform to allow users to see specials or highly targeted geo-tagged advertising.

#### Virtual Reality

Konvo is building a virtual Macro and Micro shopping centre which will allow users to shop with friends in real-time in a Konvo shopping centre in different locations around the world.

#### Customer Support

Konvo recognises the need and importance of providing high quality customer service to users before, during and after their use of Konvo and through the process of the purchase of its services.

In order to ensure that a high level of customer



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Social Shopping.**



service is being provided to users at all times, Konvo will set up the following support initiatives, including:

- A Help Centre where users will be able to view Frequently Asked Questions (FAQs) on a variety of Konvo categories, from profile to settings, shop and everything in between. It is here where users will also be able to complete a variety of custom made 'Report Forms' on various issues to report problems directly to the support team.
- Dedicated support team to filter thorough and answer any reported issues and concerns.
- An individual 'Support' inbox where each user will be able to get their unique updates on the things they have reported, as well as reply to messages received from the Help team.
- Support pages that users can follow (i.e. Konvo Business Support) providing them with a range of tips, updates and suggestions on all aspects of the Konvo ecosystem.

#### **2.2.10 Who are the customers?**

A strategic rollout will see Konvo initially target the Australian and New Zealand market before expanding to additional English speaking countries including the UAE, South-East Asia, U.S. and Europe, however other regions and countries can still join the Konvo as the platform is inherently global from day one.

Konvo Personal's ideal customer is between the age of 18-65 with our primary market being 24-40 year olds who enjoy using the Internet as a means of communication. This target market typically lives in rural, suburban and urban areas at every income level and education background.

The Konvo Shop customer is any new or existing individual, business or corporation looking to sell a product or service online and would benefit from being in a marketplace where customers

and shoppers are already discussing and discovering product. In addition a secondary audience is also any business currently using a more expensive software as a service (SaaS) system and be looking to reduce expenses and find cost efficiencies to improve their bottom line.

Our business and enterprise customer is someone who has a business of any size, large or small from any industry that has an interest in better understanding their customers, having meaningful conversations with their customers and creating highly targeted campaigns to reach their target market/s.

Other potential customer segments include:

- Users who are looking to interact with their friends on the Internet
- Users looking to discover trends and discuss shopping online with friends
- Users looking to engage in online purchases via shopping transactions
- eCommerce businesses which directly want to sell their products
- Businesses/advertisers, both physical and Internet businesses, looking to promote their business or advertise in any form.



## 2.2.11 What is our business strategy?

Konvo intends to rollout the platform gradually over the coming years, region by region. Over this period and dependent on amount raised, Konvo intends to:

(a) enhance and finalise the technology supporting its platform (see operational time line below):

PRODUCT DEVELOPMENT TIME LINE	LEVEL 1 RAISE 12 Months	LEVEL 2 RAISE 12 Months	LEVEL 3 RAISE 12 Months	LEVEL 4 RAISE 12 Months	LEVEL 5 RAISE 12 Months
<b>KONVO PERSONAL</b> (TrueTrend® Algorithm) <b>LIVE USER BETA TESTED</b>	V1.1-V1.2	V1.1-V2.0	V1.1-V2.2	V1.1-V2.5	V1.1-V3.0
<b>KONVO BUSINESS</b> <b>LIVE USER BETA TESTED</b>	V1.1-V1.2	V1.1-V2.0	V1.1-V2.2	V1.1-V2.5	V1.1-V3.0
<b>KONVO SHOP</b>	MVP-V1.1	MVP-V1.2	MVP-V2.0	MVP-V2.1	MVP-V2.5
<b>KONVO ENTERPRISE</b>		MVP-V1.2	MVP-V2.0	MVP-V2.2	MVP-V2.5
<b>KOMUNITI</b>			MVP-V1.2	MVP-V2.0	MVP-V2.5

(b) commence the gradual introduction of the platform to the global market.

The following staged global roll-out strategy is based on the completion of final development and dependent on amount raised (see rollout time line below):

MARKET ROLLOUT	MONTHS 1-12	MONTHS 13-18	MONTHS 19-24	MONTHS 25-36
<b>LEVEL 1 RAISE</b> (Min Subscription)	<b>Launch</b> Australia & New Zealand	<b>Consolidate</b> Australia & New Zealand	<b>Launch</b> UAE, UK, English Speaking Asia	<b>Consolidate</b> UAE, UK, English Speaking Asia
<b>LEVEL 2 RAISE</b>	<b>Launch</b> Australia & New Zealand	<b>Launch</b> UAE	<b>Consolidate</b> Australia & New Zealand, UAE	<b>Launch</b> UK
<b>LEVEL 3 RAISE</b>	<b>Launch</b> Australia & New Zealand, UAE	<b>Consolidate</b> Australia & New Zealand, UAE	<b>Launch</b> UK, English Speaking Asia	<b>Consolidate</b> UK, English Speaking Asia
<b>LEVEL 4 RAISE</b>	<b>Launch</b> Australia, New Zealand, UAE, UK	<b>Consolidate</b> Australia, New Zealand, UAE, UK	<b>Launch</b> English Speaking Asia, Nth America	<b>Consolidate</b> North America
<b>LEVEL 5 RAISE</b> (Max Subscription)	<b>Launch</b> Australia, New Zealand, UAE, UK	<b>Launch</b> English Speaking Asia	<b>Launch</b> North America	<b>Launch</b> China, India

## 2.2.12 Marketing of Konvo

Konvo will be promoted through an integrated mix of PR, social media, marketing and targeted advertising. Promotion will play a critical role for the social commerce platform, specifically in the initial stage of product launch. Therefore, Konvo will engage advertising and PR agencies to facilitate the launch and will ensure an integrated approach is applied.

### 'OWNED' MEDIA MARKETING

Konvo's owned media channels will play a key role in communicating directly with consumers, stakeholders and the media and will act as a first touch point for the brand's consumers.

Konvo's owned media channels include its social media accounts, blog and email marketing. Content creation will be vital throughout Konvo's communication channels as it will develop our brand voice and trust, build hype, establish credibility and create strong relationships with the brand and its consumers.

### Social pages

Konvo's social accounts include Facebook, Twitter, Instagram, LinkedIn, Meerkat, Periscope and YouTube. Each account will be used to share product updates, blog posts, and special announcements. These accounts will drive consumer engagement and establish the brand.

### Blog

Konvo's blog will sit on its platform and will be accessible to both users and non-users of the network. The blog will be used as an additional communication tool to share updates and announcements, but will also act as a fun and useful place to read articles on topical and conversational issues, plus tips, anecdotes and guides will be published.

### Email marketing

Email marketing will be a key driver for Konvo to share upcoming announcements and helpful details relating to the product directly to its users. Competitions, news about the network and tips will be formulated for its existing consumers to ensure retention. Potential users will be targeted with fun and engaging creative content, competitions, anecdotes from users and educational tactics to attract them to join the network.

### 'EARNED' MEDIA MARKETING

#### Guest Blogging

Konvo will create written content and offer to key blogging platforms, acting as a guest blogger, to raise its profile and position the network as a thought leader in the industry and a credible voice offering valuable market commentary.

#### Trade Shows

Once the network is ready for launch, Konvo will attend trade shows as key industry speakers and stallholders to showcase the product, foster relationships and create further media opportunities.

### 'PAID' MEDIA MARKETING

#### PR

Konvo have been working closely with one of Asia Pacific's most respected PR agencies. The PR agency will be responsible for overall strategy and execution of the global and local launches and ongoing press, crisis and stakeholder management and will work with Konvo on; Sponsorships, activations, events, crisis management and media monitoring.

## Advertising

Konvo has been working with a well respected advertising agencies to work with Konvo's Marketing Director to develop and execute the global advertising strategy and campaign for launch and global rollout. The agency will be responsible for the delivery of various forms of communication across: TV, print, digital, radio, social and all marketing collateral.

### 2.2.13 What is our business model?

Konvo's revenue stream is derived from five facets of the overall product:

#### Merchant Revenue

For every item sold through the Konvo platform, Konvo deducts a small commission – the more the merchant sells, the more Konvo makes.

#### Enterprise Analytics

Users have the option to sign up to Konvo's monthly subscription service to gain access to invaluable user analytics, shopper semantics, product and general shopping trend data. With

Konvo's TrueTrend® engine users can simply click what interests them and filter the noise and get to the product and shop that sells that product in one click.

#### Advertising

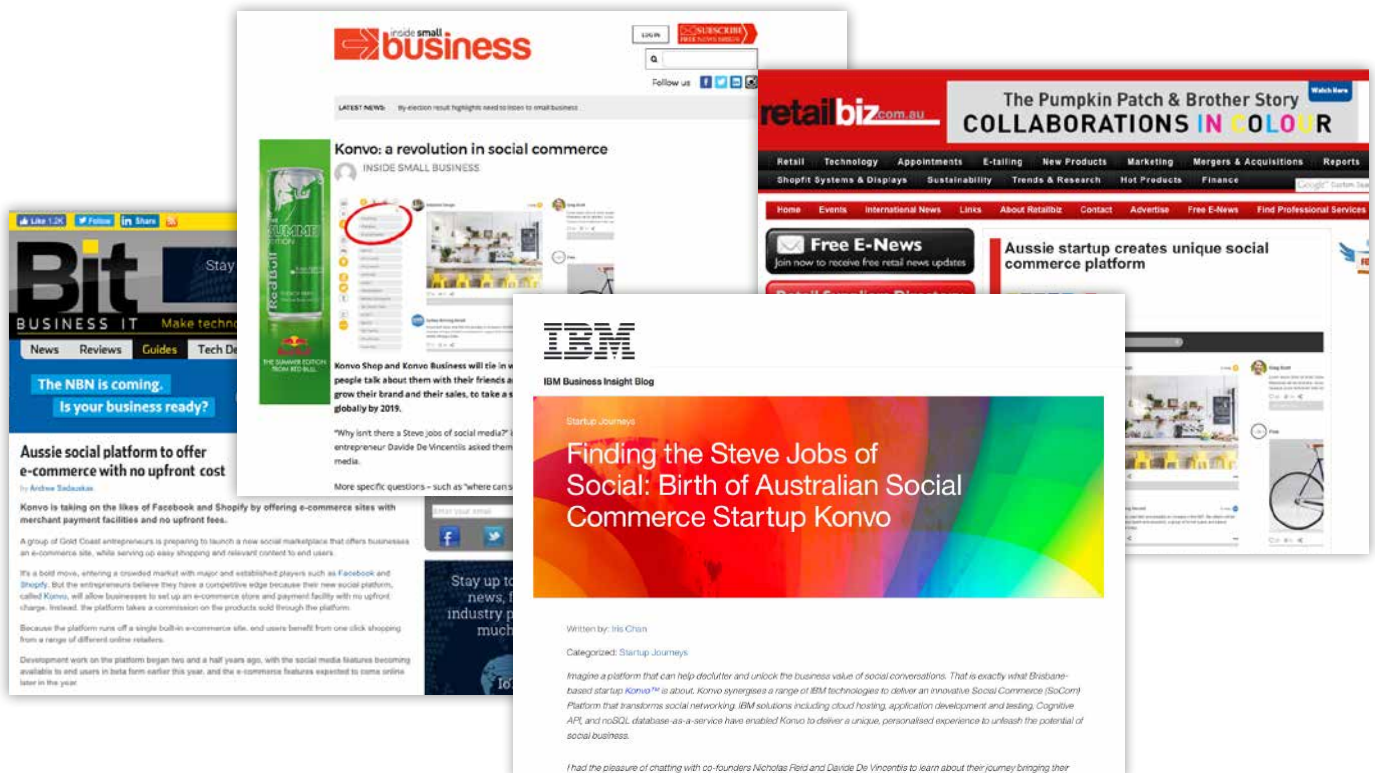
Merchants and business can advertise their products to Konvo's users through Konvo's revolutionary automated 'AI' advertising platform.

#### Komuniti

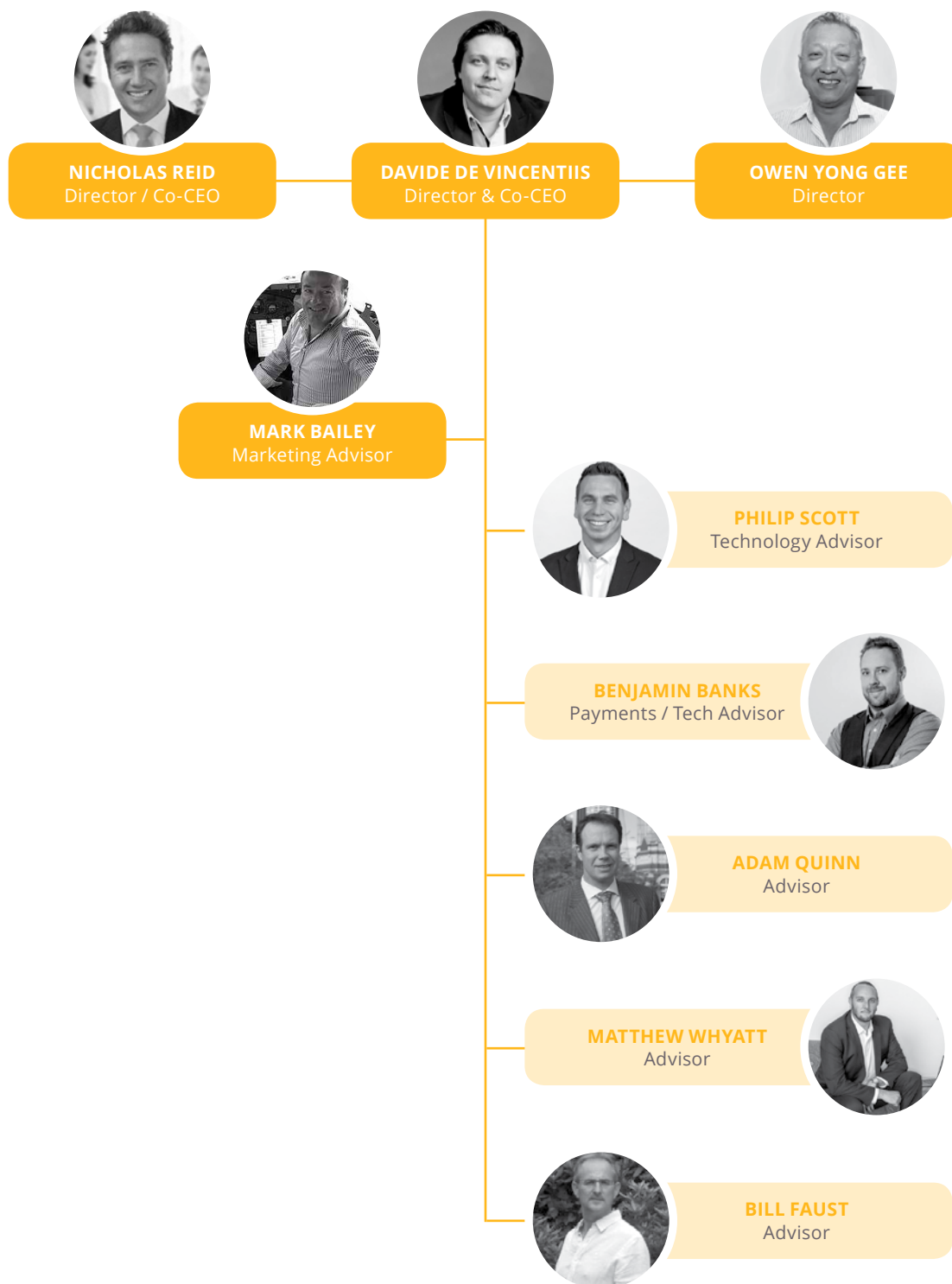
Through Konvo's white-label custom branded social network, Komuniti, businesses will be able to engage with existing customers on a deeper level.

#### Konvo Koin

Konvo Koin, is able to be used throughout the entire platform and has the added benefit of a rewards facility for shoppers.



## 2.2.14 What Does Our Organisation Look Like?



## 2.2.15 Our Directors and Management

### DIRECTORS & MANAGEMENT

#### Nicholas Reid

Director & Co-Founder

##### CO-CEO

Nicholas has over 17 years branding, marketing, advertising, publishing and digital experience. Nicholas spent over 14 years working in Senior Management positions for Australia's largest multinational advertising agencies including Leo Burnett, Grey, Singleton, Ogilvy and Mather and Clemenger BBDO and has been charged with some of Australia's key national brands including Telstra, Westfield and Mitsubishi. During this time Nicholas also developed a successful Publishing Group, more specifically content development and content aggregation. Since then he has developed and launched a number of successful businesses and along with his business partner Davide, have continued to build successful start-ups.

#### Davide De Vincentiis

Director & Co-Founder

##### CO-CEO

Born and raised in Italy before making the move to Australia, Davide started his career in the family property and tourism business in Queensland. Finding it increasingly difficult to source effective and local professional marketing services, Davide seized an opportunity to develop and launch an advertising group offering cost-effective branding, design and digital solutions to all sizes of local and national business. With acute business acumen and working alongside his business partner Nicholas of over 8 years, Davide has extensive experience in building business.

#### Owen Patrick Yong Gee

##### DIRECTOR

Owen has been a Chartered Accountant for the past 40 years. The initial 10 years were spent gaining valuable experience in the commercial field with exposure to property development, hotel construction and management, tourism and leisure facilities and management of a listed property trust. The remaining period involved the establishment and operation of chartered accounting practice providing accounting, taxation and business services to a diverse client base.

Owen has undertaken the role as a director and company officer for a large number of private companies where he has maintained a direct financial interest. In addition, he has been a director of a Responsible Entity with an AFSL as well as fulfilling the role as a director of several unlisted public companies.

Owen's current focus is the provision of advice and counselling to a select client group utilising the knowledge developed and experience gained in the commercial and professional arena.

#### Mark Bailey

##### ADVISOR

An experienced marketer and manager across client, agency and consulting environments with senior level experience and expertise across all aspects of the brand marketing mix. A strong and proven pedigree in team management, having lead teams for some of the worlds most famous and successful brands including, Ogilvy, Leo Burnett, Pizza Hut, Westpac, Faberge, Nestle & FCM Travel. Mark drives integrated teams to focus on innovation from strategy through to implementation and the constantly evolving digital landscape and how that is changing customer behaviour due to the ever increasing impact of technology on engagement & communications.

## Board Advisors

### Benjamin Banks

#### ADVISOR

Technology, Transactions, Payments and Credit Management executive with broad experience in all aspects of eCommerce, mCommerce, merchant acquisition, merchant technology and gateways, risk management, fraud management, strategic development, eCommerce, accounting, auditing and financial management. Direct experience with direct debit, POS ACH, credit card, eWallets. Benjamin has worked with systems, clients and banks in Australia, China, America, Canada and the United Kingdom.

### Philip Scott

#### ADVISOR

Philip is a software and electronics engineer with an entrepreneurial spirit and a love for innovation. He spent many years working as an embedded design engineer and creating software solutions and business automation systems.

In recent years Philip focused his efforts on building mobile payment solutions and rewards systems. During this time he gained extensive experience in working with both fiat and alternative currencies. As a part of the senior management team at an ASX listed entity he developed a reputation for being both the most innovative and entrepreneurial person in the company.

Philip graduated with a Bachelor's degree in Electronic Engineering from the University of Pretoria (South Africa) in the early 90's. He has since continued a path of self education in a number of disciplines ranging from technical to business and consumer behaviour.

### Adam Quinn

#### ADVISOR

International Corporate Financier and Investment Banker. Proven capabilities in Private Equity and Venture Capital investment. Additional experience in Management Consulting, Corporate Strategy, Leveraged & Acquisition Finance as well as broad experience in international trade & distribution, manufacturing & wholesale in Japan, China, Hong Kong and Singapore.

### Matthew Whyatt

#### ADVISOR

Matthew is a highly successful entrepreneur, having run his own businesses and sales teams since he was 22, regularly outselling the long established players in a number of markets. Matthew has owned companies with sales in excess of \$100 Million in diverse areas such as IT and Software Consultancy, Real Estate, Health, Business Licensing and Franchising.

Matthew is the CEO of Velocity Sales Training LLC, working together with the founder, Bob Urichuck, listed in the World's Top 10 Salesmen since 2008.

### Bill Faust

#### ADVISOR

Bill has 28 years experience in the marketing & communications industry working for large agency groups including CIA Media, Bates Group, DMB&B. He has been involved in the digital marketing arena since the early 1990's. As well doing a stint client side, as GEIH International eMarketing Director. Bill's brand experience includes Campbells, BT, Star Trek, Mars and he is a frequent guest speaker at leading global business schools on communications and self marketing as the author of the International best seller "Pitch Yourself".

#### **2.2.16 Legal or disciplinary actions against the directors, management and senior advisors**

None of the directors, management or senior advisors have:

- convictions of criminal offences under the *Corporations Act*;
- civil penalties imposed under the *Corporations Act*;
- disqualifications from managing a company under the *Corporations Act*;
- banning or disqualification orders (relating to an AFS licence) under s920A or 921A of the *Corporations Act*;
- been a director, company secretary or senior manager of a company when it became insolvent;
- any enforceable undertakings given to ASIC under s93AA or 93A of the Australian Securities and Investments Commission Act 2001 (ASIC Act); or
- any other convictions or penalties under any other laws in the last 10 years.

#### **2.2.17 Legal or disciplinary actions against Konvo**

Konvo is not and has not been the subject of any criminal convictions or civil penalties imposed under the *Corporations Act*, nor has Konvo been required to provide any undertakings to ASIC or been convicted or penalised in any other manner in the last ten (10) years.



## 2.3 Capital Structure

### 2.3.1 Issued Capital

As at the date of this Offer Document, Konvo has issued 100,333,336 ordinary shares.

### 2.3.2 Significant shareholders

As set out below, the 98,986,000 shares are held by the 4 founding investors of Konvo. There are no options currently issued.

#### Issued Capital of Konvo Before the Offer

SHAREHOLDER	SHARE TYPE	SHARES	OPTIONS
Lila Enterprises Pty Ltd <sup>1</sup>	ORD	24,497,500	NIL
MZR Group Pty Ltd <sup>2</sup>	ORD	24,497,500	NIL
AF Shares Pty Ltd ATF AF Shares Trust	ORD	9,857,666	NIL
FI Holdings Pty Ltd ATF The FI Holdings Trust	ORD	40,133,334	NIL
Other Shareholders	ORD	1,347,336	NIL
<b>TOTAL</b>		<b>100,333,336</b>	<b>NIL</b>

1. Davide De Vincentiis holds shares in Lila Enterprises Pty Ltd

2. Nicholas Reid holds shares in MZR Group Pty Ltd

#### Issued Capital of Konvo Following the Offer

SHARES	MIN SUBSCRIPTION	MAX SUBSCRIPTION
Existing Shareholders	100,333,336 (98%*)	100,333,336 (80%*)
Offer shares	2,000,000 (2%*)	20,000,000 (20%*)
<b>TOTAL SHARES ON ISSUE (UNDILUTED BASIS)*</b>	<b>102,333,336 (100%)</b>	<b>120,333,336 (100%)</b>

\*Rounded

### 2.3.3 Rights associated with the Shares

All shares on issue in Konvo are ordinary shares.

Ordinary shares provide holders with the right to:

- (a) be given notice of and to vote an general meetings of Konvo, noting that each member of Konvo is afforded one (1) vote;
- (b) on a poll, submit one (1) vote per fully paid share owned;
- (c) to submit a vote at a general meeting in person or by way of proxy or attorney;
- (d) where directors of Konvo determine to pay dividends, to be paid equally to other shareholders in the context of all shares issued in Konvo;
- (e) where Konvo is wound up, be paid any excess property available for distribution in proportion to the shares held by the Shareholder in the context of all shares issued in Konvo; and
- (f) exercise all rights and powers pursuant to the *Corporations Act 2001 (Cth)*.

Please note that Konvo has the ability to issue preference shares, however no preference shares are currently issued.

A copy of Konvo's constitution is attached at the Annexure of this offer document and is available on the intermediary's platform.

### 2.3.4 Debt funding and other sources of funding

#### Director loans

To date, our activities have been primarily funded by Konvo's founding shareholders. Investors should be aware Konvo currently owes unpaid director salaries of \$334,151 to each Davide De Vincentiis and Nicholas Reid and an additional \$35,000 to Owen Yong Gee (total of \$703,302).

These outstanding amounts may be repaid in part from the funds raised through the Offer and dependent on the amount raised (see section 3.2 for further details).

The directors have chosen to defer the repayment of the majority of the outstanding amounts until the company reaches revenue.

#### Government grants

N/A

#### Other loans

N/A

## 2.4 Risks facing the business

An investment in Konvo should be seen as high-risk and speculative. A description of the main risks that may impact our business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general, risks associated with Konvo (for example, risks relating to general economic conditions or the inability to sell our shares).

### Main Risks: Descriptions

TYPE OF RISK	DESCRIPTION OF RISK
<b>Konvo's product is still in the development phase and may never be successfully commercialised</b>	<p>Konvo has a limited operating history and is not yet profitable, as our product is still in the development phase.</p> <p>The commercial success of our product will depend on many factors, including our ability to demonstrate the effectiveness of the product (which will involve collecting further data from trials and increasing acceptance of our product by consumers).</p> <p>If the results of Konvo's further trials are not successful or we are unable to increase awareness and acceptance of our product among consumers, we may not be able to successfully commercialise our product. There is also a risk that we will not be able to successfully expand our products and/or platform, sales and marketing programs.</p> <p>This will have a material adverse effect on Konvo's potential revenue and prospects.</p>
<b>User experience risk</b>	<p>Konvo's business model is based on recurring revenue arising from technology users and customers. A poor user experience may not necessarily be anticipated and may affect growth of customer numbers and repeat purchases or ongoing contracts with Konvo for use of its software services. Factors which may contribute to poor customer experience include:</p> <ul style="list-style-type: none"> <li>• ease of setting up and commencing use of the products offered;</li> <li>• simplicity and reliability of customer usage; and</li> <li>• quality of services provided.</li> </ul> <p>Poor user experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of Konvo's products. If any of these occur, it may adversely impact Konvo's revenues.</p>

<p><b>Konvo's success relies on its ability to protect its intellectual property</b></p>	<p>The protection of Konvo's intellectual property is critical to our business and commercial success.</p> <p>If we are unable to protect or enforce Konvo's intellectual property rights, there is a risk that other companies will copy our product and technology, which could adversely affect our ability to compete in the social commerce market.</p> <p>We have one (1) pending trade mark in the European Union. We have twelve (12) registered trade marks within Australia and a pending trade mark registration in the United States.</p> <p>We have one (1) registered patent with respect to Konvo's platform, however we anticipate that we will be required to expand upon this patent as our platform develops and there is no assurance that any such application will result in an issued patent.</p>
<p><b>Konvo may need additional funding to implement its business strategy</b></p>	<p>Konvo's current cash reserves (plus the net proceeds of the Offer) will not be adequate for our funding requirements beyond the next 2 years if revenue projections are not met (depending on the amount raised – further detail in section 3.2).</p> <p>Konvo will need to obtain additional funding to continue operations and execute its business strategy. We cannot guarantee the availability of funds in the future, or that the funds will be available on favourable terms. If we are unable to raise these funds, it could adversely impact Konvo's business and prospects.</p> <p>Access to funds in a timely manner has the ability to significant effect our:</p> <ul style="list-style-type: none"> <li>(a) ability to take our platform to market at an opportune time;</li> <li>(b) software development; and</li> <li>(c) development enhanced data protection mechanisms which are critical to the Konvo Koin concept.</li> </ul>
<p><b>Highly competitive market</b></p>	<p>The social market is shared by four primary players: Facebook, Instagram, Twitter and Pinterest, followed by niche networks such as Ello and thousands of function-specific Apps such as Snapchat on the fringe of the market space. In eCommerce the market is split into marketplaces like eBay, Amazon and Etsy and SaaS (Software as a Service) platforms like Shopify and WooCommerce.</p> <p>Konvo is operating in a highly competitive market with players that have substantial resource, knowledge, experience and user base. As such there is a significant risk that Konvo will not be able to diversity itself in such a saturated market and will therefore fail to attract the necessary consumer interest to enable Konvo's success.</p>
<p><b>Scalability</b></p>	<p>Scalability is the key to any technology company that is looking at a potential global market. While Konvo believes that the platform, other products, software and its service architecture have been built for scalability, there are no guarantees that its products will be able to meet future demand and requirements of consumers.</p>

<b>Information technology risk</b>	With any technical project there are risks with the chosen technology, vendors and employees and in execution. Whilst Konvo has employed and engaged subject-matter experts, employs experienced persons, standard security technologies and approaches there are risks that delivery will fail to meet expectations or deadlines, that technologies become obsolete, natural disasters occur, Konvo is the subject of a fraud or malicious attack or platforms are compromised resulting in a negative impact on Konvo's performance.
<b>Reliance on third party providers</b>	Konvo intends to develop its products so that they can be utilised with a number of operating systems, internet platforms and other hardware devices. While Konvo will therefore depend on its products being able to operate on a range of systems, platforms and devices, it is unable to control third party developers of such systems. Any changes to external platforms, systems or devices that give preference to competing products or adversely impact on the functionality of Konvo's products may render consumers less likely to use Konvo's products, which may have a detrimental impact on Konvo's financial performance. Likewise, Konvo's products are predicated on consumers being able to access the internet and cellular networks. If third party providers raise the cost of these networks or restrict the ability of consumers to access these networks via Konvo's products, this is likely to detrimentally affect Konvo's financial performance.
<b>Third party tools and platforms</b>	While the use of third party tools and common libraries is common in the industry, Konvo is exposed to the risks associated with their use, such as security breaches and hacker attacks. If the third party tools used by Konvo are subject to cyber-attacks by hackers, its products and software may be affected and Konvo may lose customers, which would have a negative effect on Konvo's revenues and profit.

### 2.4.1 Key Risk Mitigations

During the course of Konvo's establishment and build phase, the following risks have been identified and will be monitored on an ongoing basis by both Konvo's senior management and Board.

TYPE OF RISK	MITIGATION OF RISK
<b>Konvo's product is still in the development phase and may never be successfully commercialised</b>	<p>Considerable project management experience in delivery of large IT and Business builds within the Konvo team. Delivery capability already proven to a limited extent within Konvo.</p> <p>We have adopted an agile, time-boxed approach to application development.</p> <p>We are communicating our product roadmap to engage customers to assist if initial delivery falls short of expectations.</p> <p>Full project management risk and governance processes are being adhered to.</p>

<p><b>Konvo may need additional funding to implement its business strategy</b></p>	<p>Konvo is utilising a number of different sources of fund raising, from debt funding, high net worths (HNW), professional investors, crowdfunding, strategically aligned institutional investors, domestic and international investors.</p> <p><b>Future growth beyond the crowd-sourced funding</b></p> <p>As part of our future plans, we may continue to offer shares to retail investors so they can become owners in Konvo Ltd. This will grow our investor and potential customer base. There are several ways that we could do this including further crowd- sourced funding offers and potentially an IPO.</p>
<p><b>Highly competitive market</b></p>	<p>The following factors seek to mitigate this risk:</p> <p><b>Existing following</b></p> <p>Konvo has already built a following of several thousand and will continue to grow prior to launch.</p> <p><b>Technology</b></p> <p>The ability to bring the platform together effectively is a considerable undertaking requiring skill and experience. Konvo's ability to do this represents a considerable barrier to entry to new competitors.</p> <p><b>Brand &amp; Habit</b></p> <p>Konvo brand is trademarked and will gain significant market awareness. Konvo will be on the mobile phone of many of our customers and they will see our brand multiple times a day. Konvo predict these behaviours and habits will drive a significant increase in customer retention once established.</p> <p><b>Sales and customer uptake know-how</b></p> <p>Konvo will continuously improve its sales and onboarding know-how developed from months of interactions with clients and accumulated data.</p>
<p><b>Scalability</b></p>	<p>Scalability is a critical aspect and our team aspires to build a scalable application that doesn't fail under expected high loads. Konvo has designed tests for all applications and software development under varying number of user loads and we continually compare the results across different capacities. The test identifies maximum loads at which the system is able to meet the businesses Service Level Agreements.</p>
<p><b>Information technology risk</b></p>	<p>Konvo manage IT risks by completing regular business risk assessments and update Konvo's business continuity plan to help recover from any IT incident.</p>

## 2.5 Financial information

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Other income	2	260,086	296,841
Employee benefits expense			(407,970)
Depreciation and amortisation expense		(5,290)	(5,290)
Accounting Fees		(12,850)	(18,450)
Bank Charges		(566)	-
Legal & Consultancy Fees		(14,872)	(848,205)
Insurance		(3,969)	-
Printing & Stationery		(186)	(4,137)
Interest Expenses		(385)	-
Travel & Accommodation		(9,713)	(11,284)
Comp Soft & Infrastructure		(45,234)	(48,419)
Marketing expense		(120)	(23,922)
Computer Supplies & Services		-	(1,113)
Telephone and Internet Expenses		-	(427)
Office Contribution		(42,000)	(132,000)
Audit Fees		(4,000)	(4,000)
Other expenses		(2,091)	(5,216)
<b>Profit before income tax</b>		<b>118,810</b>	<b>(1,213,592)</b>
<b>Profit for the year</b>		<b>118,810</b>	<b>(1,213,592)</b>
<b>Other comprehensive income:</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>118,810</b>	<b>(1,213,592)</b>

The accompanying notes form part of these financial statements.



**STATEMENT OF FINANCIAL  
POSITION AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash And Cash Equivalents	4	1,058,840	1,050,138
Other Current Assets	5	2,421	-
<b>Total Current Assets</b>		<b>1,061,261</b>	<b>1,050,138</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant And Equipment	6	14,945	20,234
Intangible Assets	7	3,370,772	3,229,949
<b>Total Non-Current Assets</b>		<b>3,385,717</b>	<b>3,250,183</b>
<b>TOTAL ASSETS</b>		<b>4,446,978</b>	<b>4,300,321</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	720,189	834,529
Borrowings	9	1,365	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>721,554</b>	<b>834,529</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	9	-	1,682,634
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>1,682,634</b>
<b>TOTAL LIABILITIES</b>		<b>721,554</b>	<b>2,517,163</b>
<b>NET ASSETS</b>		<b>3,725,424</b>	<b>1,783,158</b>
<b>EQUITY</b>			
Issued capital	11	1,500,112	1,500,112
Retained earnings		2,225,312	283,046
<b>TOTAL EQUITY</b>		<b>3,725,424</b>	<b>1,783,158</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Note	SHARE CAPITAL Ordinary \$	RESERVES Retained Earnings (accumulated losses) \$	TOTAL \$
Balance at 1 July 2016		1,500,112	-	1,500,112
<b>COMPREHENSIVE INCOME</b>				
Profit for the year		-	283,046	283,046
Total comprehensive income for the year attributable to members of the entity		-	283,046	283,046
Total transactions with owners & other transfers		-	-	-
<b>Balance at 30 June 2017</b>		<b>1,500,112</b>	<b>283,046</b>	<b>1,783,158</b>
Balance at 1 July 2017		1,500,112	283,046	1,783,158
<b>COMPREHENSIVE INCOME</b>				
Profit for the year		-	259,632	259,632
Total comprehensive income for the year attributable to members of the entity		-	259,632	259,632
<b>TRANSACTIONS WITH OWNERS, IN THEIR CAPACITY AS OWNERS, &amp; OTHER TRANSFERS</b>				
Transferred from Loan		-	1,682,634	1,682,634
<b>Balance at 30 June 2018</b>		<b>1,500,112</b>	<b>2,225,312</b>	<b>3,725,424</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS FOR  
THE YEAR ENDED 30 JUNE 2018**

		<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	Note		
Payments to suppliers and employees		(252,748)	(741,049)
Interest received		330	1,688
R&D rebate received		259,631	283,046
Other Income		124	-
Parental leave - Centrelink		-	12,107
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	12(a)	<b>7,337</b>	<b>(444,208)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	248,670
Proceeds from borrowings		1,365	-
Net increase/(decrease) in cash held		8,702	(195,538)
Cash and cash equivalents at beginning of financial year		1,050,138	1,245,676
<b>CASH &amp; CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	4	<b>1,058,840</b>	<b>1,050,138</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

These financial statements and notes represent KONVO LIMITED. KONVO LIMITED is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 24th September 2018 by the directors of the company.

### Note 1. Summary of Significant Accounting Policies

#### Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### (b) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

#### (g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

#### Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

The cost of fixed assets constructed includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%

The assets' residual values and useful lives are

reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

### **(i) Financial Instruments**

#### **Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the date that the entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised as expenses in profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

#### **Classification and Subsequent Measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the

effective interest method.

*The effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

The Company does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments. Accordingly, such interests are accounted for on a cost basis in the parent's separate financial statements.

#### **Impairment of non-financial assets**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial assets, other than those measured at

fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for shares classified as available-for-sale. For all other financial assets, including redeemable notes classified as available-for-sale and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised

is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

At the end of each reporting period the company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired (other than financial assets classified as at fair value through profit or loss).

### **Derecognition**

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations



are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### **(j) Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives and intangible assets not yet available for use.

#### **(p) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the

end of the reporting period.

#### **(q) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

#### **(r) Revenue and Other Income**

The Company is in process of developing social networking site and hence no income generated till the reporting period except government incentive and interest.

#### **(s) Trade and Other Receivables**

No sales made during the reporting period so no amount receivable from customer as at balance sheet date.

#### **(t) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### **(v) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

#### (w) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the company retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

#### (y) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial

statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

#### (z) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

### Note 2. Revenue and Other Income

	Note	2018 \$	2017 \$
<b>SALES REVENUE:</b>			
Total sales revenue		-	-
<b>Total Sales Revenue</b>		<b>-</b>	<b>-</b>
<b>OTHER INCOME:</b>			
Other Income		125	-
Interest Received - CBA Online Saver *1214		330	1,429
Interest received - ATO		-	259
Parental Leave - Centrelink		-	12,107
R & D Refund		259,631	283,046
<b>TOTAL OTHER INCOME</b>		<b>260,086</b>	<b>296,841</b>

### Note 3. Auditor's Remuneration

	Note	2018 \$	2017 \$
<b>REMUNERATION OF THE AUDITOR FOR:</b>			
Auditing or reviewing the financial statements		4,000	4,000

#### Note 4. Cash and Cash Equivalents

	Note	2018 \$	2017 \$
<b>CURRENT</b>			
Cash on Hand		100	100
CBA*1206		(1)	(11)
CBA Online Saver*1214		8,733	29
CBA Imprest Account*2604		(4)	8
Contracard		1,050,012	1,050,012
<b>TOTAL CURRENT</b>		<b>1,058,840</b>	<b>1,050,138</b>

#### RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents		1,058,840	1,050,138
		<b>1,058,840</b>	<b>1,050,138</b>

#### Note 5. Other Assets

	Note	2018 \$	2017 \$
<b>CURRENT</b>			
ATO - Integrated Client Account		2,421	-

#### Note 6. Property, Plant and Equipment

	Note	2018 \$	2017 \$
<b>PLANT AND EQUIPMENT:</b>			
At cost		28,360	28,360
Accumulated depreciation		(13,415)	(8,126)
<b>TOTAL PLANT AND EQUIPMENT</b>		<b>14,945</b>	<b>20,234</b>
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>		<b>14,945</b>	<b>20,234</b>

#### (a) MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold Land	Buildings	Plant & Equipment	Leased Plant and Equipment	Total
Balance at 1 July 2016	-	-	25,524	-	25,524
Depreciation expense	-	-	(5,290)	-	(5,290)
<b>Carrying amount at 30 June 2017</b>	<b>-</b>	<b>-</b>	<b>20,234</b>	<b>-</b>	<b>20,234</b>
Balance at 1 July 2017	-	-	20,234	-	20,234
Depreciation expense	-	-	(5,289)	-	(5,289)
<b>Carrying amount at 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>14,945</b>	<b>-</b>	<b>14,945</b>

#### Note 7. Intangible Assets

	Note	2018 \$	2017 \$
Formation Expenses		1,496	1,496
Platform Development - from Konvo		674,649	674,649
Intellectual Property - from Konvo		100,268	100,268
Legal Fees		34,357	34,357
Stamp Duty on Assets Acquisition		30,840	30,840
Platform Development		2,529,162	2,388,339
<b>CARRYING AMOUNT</b>		<b>3,370,772</b>	<b>3,229,949</b>

#### Note 8. Trade and Other Payables

	Note	2018 \$	2017 \$
<b>CURRENT UNSECURED LIABILITIES</b>			
Trade payables		14,493	40,532
Amounts payable to:			
Salary & Wages Payable		2,394	5,311
Super Payable		-	11,035
ATO Payable		-	4,308
Payable to Nude Creative Pty Ltd		-	93,343
Payable to Davide De Vincentiis		334,151	320,000
Payable to Nicolas Reid		334,151	320,000
Payable to Owen Yong Gee		35,000	40,000
<b>TOTAL CURRENT UNSECURED LIABILITIES</b>	<b>8(a)</b>	<b>720,189</b>	<b>834,529</b>

## Note 9. Borrowings

	Note	2018 \$	2017 \$
<b>CURRENT</b>			
Loan - Insurance Premium Funding		1,407	-
Less: Unexpired Interest		(42)	-
<b>TOTAL CURRENT BORROWINGS</b>		<b>1,365</b>	<b>-</b>
<b>NON-CURRENT</b>			
King Trust		-	1,682,634
<b>TOTAL NON-CURRENT BORROWINGS</b>		<b>-</b>	<b>1,682,634</b>
<b>TOTAL BORROWINGS</b>		<b>1,365</b>	<b>1,682,634</b>

Note: The loan balance of King Trust reduced to Nil as on 30 June 2018 which is just on account of debt forgiveness.

## Note 10. Provisions

	Note	2018 \$	2017 \$
<b>Analysis of Provisions</b>			
<b>CURRENT EMPLOYEE BENEFITS</b>			
Opening balance at 1 July 2017		-	13,666
Additional provisions raised during year		-	13,630
Amounts used		-	(27,296)
<b>BALANCE AT 30 JUNE 2018</b>		<b>-</b>	<b>-</b>

## Note 11. Issued Capital

	Note	2018 \$	2017 \$
100,333,336 fully paid ordinary shares		1,500,112	1,500,112
		<b>1,500,112</b>	<b>1,500,112</b>
<b>(a) Ordinary Shares</b>		<b>No. of shares</b>	<b>No. of shares</b>
At the beginning of the reporting period		100,333,336	100,333,336
Shares issued during the year		-	-
<b>At the end of the reporting period</b>		<b>100,333,336</b>	<b>100,333,336</b>

The shares are eligible for dividends paid after 24th December, 2018.

Ordinary shareholders participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

## Note 12. Cash Flow Information

	Note	2018 \$	2017 \$
<b>(a) Reconciliation of cash flows from operating activities with profit after income tax</b>			
Net profit		119,138	(1,213,592)
<b>Non-cash flows in profit</b>			
Depreciation		5,290	5,290
(increase)/decrease in other assets		(2,421)	258,340
increase/(decrease) in trade & other creditors		(114,340)	-(4,045)
increase/(decrease) in income taxes payable		-	-
increase/(decrease) in Borrowings		-	523,465
increase/(decrease) in provisions		-	(13,666)
<b>Net cash provided by operating activities</b>		<b>7,337</b>	<b>(444,208)</b>

## Note 13. Events After the Reporting Period

There was no significant events after balance sheet date effected the financial report.

## Note 14. Related Party Transactions

There was no related party transactions made during the year.

## Note 15. Company Details

The registered office of the company is:

KONVO LIMITED

C/o Viden Group Pty Ltd, 47 Nerang Street, Nerang Qld 4211

The principal place of business is:

KONVO LIMITED

Level 3, 50 Cavill Avenue, Surfers Paradise Gold Coast, MC QLD 4217



## Section 3: Information about the Offer

### 3.1 Terms of the Offer

Konvo is offering up to 20,000,000 shares at an issue price of .25 cents per share to raise up to \$5 million.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

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

#### TERMS OF THE OFFER

TERM	DETAILS
Shares	Fully-paid ordinary shares
Price	0.25 cents per share
Minimum Subscription	\$500,000
Maximum Subscription	\$5,000,000
Minimum Parcel Size	\$125
Maximum Parcel Size (for retail investors)	\$10,000
OPENING DATE	25th October 2018
CLOSING DATE	24th December 2018

A description of the rights associated with the shares is set out in Section 3.3.

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this Offer Document.

We recommend investors seek independent advice before applying including financial and tax advice.

The Offer is not underwritten.

### 3.2 Use of funds

Depending on the amount raised under the Offer, the Company's spend will change. The higher the amount the Company raises under the Offer, the more resources it can dedicate to core products and developing additional

products (ie research and development spend). Lesser amounts raised will require that the Company spends more money on marketing and advertising. The proposed allocation of funds is illustrated as follows:

**TABLE 5: USE OF FUNDS**

Table 5 below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

INTENDED USE	MINIMUM SUBSCRIPTION YEAR 1	MAXIMUM SUBSCRIPTION YEAR 1
New Product Research and Development	-	\$500,000
Core Product Development	\$148,500	\$1,100,000
Production, overheads and wages	\$137,250	\$1,600,000
Infrastructure (Server/User Costs) & Contingency	\$45,250	\$640,000
Sales and marketing	\$20,000	\$750,000
Offer Costs	\$95,000	\$410,000
Payment of outstanding director salary Nicholas Reid	\$25,000*	\$150,000*
Payment of outstanding director salary Davide De Vincentiis	\$25,000*	\$150,000*
Payment of outstanding director salary Owen Patrick Yong Gee	\$4,000*	\$20,000*
<b>TOTAL FUNDS</b>	<b>\$500,000</b>	<b>\$5,000,000</b>

\*Outstanding balance deferred until revenue KPIs

In Table 5, 'Production, overheads and wages' includes overhead expenses, employee wages and director remuneration.

The costs of the Offer include the Intermediary's fees under the hosting agreement between Konvo and the Intermediary and associated legal fees. The Intermediary's fees are 7% of all funds raised by the Issuer through the Intermediary. Legal fees associated with the Offer are \$60,000 (inclusive of GST).

Other than as specified above, no other payments from the funds raised will be

paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

We expect that the Maximum Subscription amount will be sufficient to meet Konvo's short-term objectives over the next 12 months.

If only the Minimum Subscription amount is raised, Konvo may require further funding to be able to carry out our intended activities over the next 12–24 months. In such circumstances, Konvo may consider undertaking a further crowd-sourced funding (CSF) offer under the CSF regime.

**TABLE 6: KEY DELIVERABLES**

Konvo further details the deliverables it hopes to achieve based on its intended use of funds based on the following categories:

- (a) Level 1: \$500,000 - \$1.5 million;
- (b) Level 2: \$1.5 million - \$2.5 million;
- (c) Level 3: \$2.5 million - \$3.5 million;
- (d) Level 4: \$3.5 - \$5 million; and
- (e) Level 5: \$5 million.

In the below table, the following definitions apply:

MVP means 'Minimum Viable Product' and refers to a product ready for public release. It contains the minimum features required in order to be

used in live testing. This results in receiving user feedback that is then used to further develop the product.

V1 means 'Version 1' and refers to complete software that has all major features. It indicates a product is ready for general release, subject to necessary bugs and fixes.

Minor and/or major software updates to address any bugs and fixes are represented in the below table as an iteration within Version 1 (eg 1.1, 1.2 and so on).

**TABLE 6**

AMOUNT RAISED	PRODUCT	OUTCOME COMMENCE	OUTCOME COMPLETE
<b>MINIMUM SUBSCRIPTION</b> (\$500,000 - \$1.5 million)	Konvo Shop	MVP	<b>V1.1</b>
	Konvo Personal	V1.1	<b>V1.2</b>
	Konvo Business	V1.1	<b>V1.2</b>
	TrueTrend®	V1.1	<b>V1.2</b>
	Konvo Advertising	MVP	<b>V1.1</b>
	Konvo Koin	MVP	<b>V1.1</b>
<b>LEVEL 2</b> (\$1.5 million - \$2.5 million)	Konvo Shop	MVP	<b>V1.2</b>
	Konvo Personal	V1.1	<b>V2.0</b>
	Konvo Business	V1.1	<b>V2.0</b>
	TrueTrend®	V1.1	<b>V2.0</b>
	Konvo Advertising	MVP	<b>V1.2</b>
	Konvo Koin	MVP	<b>V1.2</b>
	Konvo Enterprise	MVP	<b>V1.2</b>

<b>LEVEL 3</b> (\$2.5 million - \$3.5 million)	Konvo Shop	MVP	<b>V2.0</b>
	Konvo Personal	V1.1	<b>V2.2</b>
	Konvo Business	V1.1	<b>V2.2</b>
	TrueTrend®	V1.1	<b>V2.2</b>
	Konvo Advertising	MVP	<b>V2.0</b>
	Konvo Koin	MVP	<b>V2.0</b>
	Konvo Enterprise	MVP	<b>V2.0</b>
	Konvo Komuniti	MVP	<b>V1.0</b>
<b>LEVEL 4</b> (\$3.5 million - \$5 million)	Konvo Shop	MVP	<b>V2.1</b>
	Konvo Personal	V1.1	<b>V2.5</b>
	Konvo Business	V1.1	<b>V2.5</b>
	TrueTrend®	V1.1	<b>V2.5</b>
	Konvo Advertising	MVP	<b>V2.2</b>
	Konvo Koin	MVP	<b>V2.2</b>
	Konvo Enterprise	MVP	<b>V2.2</b>
	Konvo Komuniti	MVP	<b>V2.0</b>
	Konvo Affiliate Network	MVP	<b>V1.2</b>
<b>MAXIMUM SUBSCRIPTION</b> (\$5 million)	Konvo Shop	MVP	<b>V2.5</b>
	Konvo Personal	V1.1	<b>V3.0</b>
	Konvo Business	V1.1	<b>V3.0</b>
	TrueTrend®	V1.1	<b>V3.0</b>
	Konvo Advertising	MVP	<b>V2.5</b>
	Konvo Koin	MVP	<b>V2.5</b>
	Konvo Artificial Intelligence Advertising Platform	MVP	<b>V1.2</b>
	Konvo Enterprise	MVP	<b>V2.5</b>
	Konvo Komuniti	MVP	<b>V2.5</b>
	Konvo Affiliate Network	MVP	<b>V2.0</b>
	Konvo Artificial Intelligence Shopping	MVP	<b>V1.0</b>
	Konvo Augmented Reality Shopping Feature	MVP	<b>V1.0</b>
	Konvo Virtual Reality Shopping Platform	MVP	<b>V1.2</b>

## TABLE 7: DIRECTORS REMUNERATION

Directors decide the total amount paid to each Director as remuneration for their services from an amount fixed at Konvo's annual general meeting ('Director Remuneration Pool'). This amount is fixed at a maximum of \$250,000 should Maximum Subscription be achieved. Should Maximum Subscription not be achieved, Director remuneration is adjusted down on a pro rata basis based on the size of the successful offer.

Davide De Vincentiis and Nicholas Reid currently receive remuneration in their capacities as Senior Management in addition to their Directors' remuneration. Owen Patrick Yong Gee may be paid such additional or special remuneration as appropriate should he perform extra work or services which are not conducted in his capacity as a Director of Konvo.

The following table indicates the maximum amount that each director may be allocated based on the subscription to the Offer:

TABLE 7

EXPENSE	MINIMUM SUBSCRIPTION	LEVEL 2	LEVEL 3	LEVEL 4	MAXIMUM SUBSCRIPTION
Davide De Vincentiis	\$25,000	\$120,000	\$150,000	\$175,000	\$200,000
Nicholas Reid	\$25,000	\$120,000	\$150,000	\$175,000	\$200,000
Owen Patrick Yong Gee	\$4,000	\$35,000	\$35,000	\$35,000	\$35,000

All of the figures in the above Table 7 include superannuation at the statutory rate and are payable commencing from the date of the close of a successful Offer.

### 3.3 Rights associated with the shares

Immediately after issue, the shares will be fully-paid shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in Konvo's constitution. A summary of these rights is set out below. A copy of the constitution is attached in the Annexure to this offer document and is available on the intermediary's platform.

### 3.4 Voting rights

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held and fully paid. For each share which is not fully paid a fraction of a vote equivalent to the proportion to which the amount is paid is allowed.

### 3.5 Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of ordinary resolution (being a majority vote).

### 3.6 General meetings and notices

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of Konvo have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.

### 3.7 Dividends

All shareholders have a right to receive any dividends declared and paid by Konvo. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the *Corporations Act* (for example, they cannot pay dividends unless Konvo's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice Konvo's ability to pay its creditors).

Konvo has the ability to issue preference shares, which entitle the holder to receive a preferential dividend in priority to the payment of any dividend on the ordinary shares at a rate on and on the basis decided by the directors from time to time. No preference shares are currently issued in Konvo.

### 3.8 Winding-up

If Konvo is wound up and there are any assets left over after all Konvo's debts have been paid, the surplus is distributed to holders of ordinary shares in proportion to their shareholding after secured and unsecured creditors of Konvo. Where preference shares are issued in Konvo,

holders of preference shares are entitled, in a winding up and on redemption, to payment in priority to the ordinary shares of:

- (a) the amount of any dividend accrued but unpaid on the share at the date of winding up or the date of redemption; and
- (b) any additional amount specified in the terms of issue.

Holders of fully-paid ordinary voting shares rank ahead of other (non-preference) classes of shares (if any).

### 3.9 Details of previous CSF offers

There have been no previous CSF offer undertaken by Konvo, its directors or senior managers, any related parties or related companies.

## Section 4: Information About Investor Rights

### 4.1 Cooling-off rights

You have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in Konvo), you must do so within five (5) business days of making your application (the Cooling-off Period). You must withdraw your application via the Intermediary's platform as follows:

You must contact CrowdFunding.com.au Pty Ltd via email ([coolingoff@crowdfunding.com.au](mailto:coolingoff@crowdfunding.com.au)) to inform them of your intention to withdraw your application.

This must be done within five business days of your successful application or payment.

After your withdrawal has been processed, Crowd Funding will refund the application money to your nominated account as soon as practicable.

### 4.2 Effect of the corporate governance concessions

#### 4.2.1 Annual general meetings, Annual reports and Distribution of annual reports

On the basis that Konvo was already a public company before 29 September 2017, it is not eligible to rely on the temporary concessions from the Annual General Meetings (section 250N), audit (sections 301, 327A-327D) and reporting requirements (section 314) available to public companies making offers under the CSF regime.

Accordingly, Konvo will comply with all corporate governance requirements including holding AGMs, having its financial reports audited and obtaining auditor's reports and distributing annual reports.

Shareholders can access the annual report on Konvo's website at the following address [www.konvo.com](http://www.konvo.com) or from ASIC, free of charge.

If shareholders have any queries or concerns about Konvo, they should contact Konvo's

company secretary, Mr Davide De Vincentiis, directly at: [davide@konvo.com.au](mailto:davide@konvo.com.au).

### 4.3 Communication facility for the Offer

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with Konvo and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. Konvo and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of Konvo, and related parties or associates of Konvo or the Intermediary, may participate in the facility and must clearly disclose their relationship to Konvo and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the *Corporations Act*.

### 4.4 References to Publications

References are made in this Offer Document to material that is attributed to various entities as disclosed herein. These references are based on statements already published in public official documents or a book, journal or comparable publication. Those organisations did not prepare those materials specifically for this Offer Document and have had no involvement in the preparation of any part of this Offer Document. Where a third party source is referenced Konvo recommends and directs investors to refer to the source publication or materials.



## Glossary

**AFSL** means Australian Financial Services Licence, is a licence for businesses involved in the provision of financial services. It is issued by the ASIC as required by the *Corporations Act 2001 (Cth)*;

**ASIC** means the Australian Securities and Investments Commission;

**COMPANY** means Konvo Limited ACN 608 469 147;

**COOLING-OFF PERIOD** means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money;

**CSF** means crowd-sourced funding under Part 6D.3A of the *Corporations Act*;

**FOUNDERS** means Nicholas Reid and Davide De Vincentiis jointly;

**INTERMEDIARY** means Crowdfunding AFSL Pty Ltd  
ACN: 625 510 652; AFSL 509114;

**MAXIMUM SUBSCRIPTION** means the amount specified in this Offer Document as the maximum amount sought to be raised by the Offer, being \$5,000,000;

**MINIMUM SUBSCRIPTION** means the amount specified in this Offer Document as the minimum amount sought to be raised by the Offer, being \$500,000;

**OFFER** means an offer of fully-paid ordinary shares by Konvo under this Offer Document;

**OFFER DOCUMENT** means this document and any materials annexed to it; and

**RETAIL INVESTORS** are investors that purchase securities for their personal account rather than for an organisation. Retail investors typically trade in smaller amounts than institutional investors.

## **Annexure A: Audited Accounts**

Available as a separate document on [crowdfunding.com.au](https://crowdfunding.com.au)

## **Annexure B: Constitution**

Available as a separate document on [crowdfunding.com.au](https://crowdfunding.com.au)