



APPSVILLAGE AUSTRALIA LIMITED

ABN: 50 626 544 796

ANNUAL REPORT

31 DECEMBER 2020

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AppsVillage Australia Limited
Corporate Directory
31 December 2020

Directors

Yoav Ziv	Non-Executive Director
Max Bluvband	Executive Director
Shahar Hajdu	Executive Director
Bahram Nour Omid	Chairman and Non-Executive Director
Andrew Whitten	Non-Executive Director

Company Secretary

David Hwang

Registered Office

c/ Automic Group
Level 5
126 Philip St
Sydney NSW 2000
Australia

Auditors (Australia)

BDO Audit (WA) Pty Ltd
Level 1, 38 Station Street
Subiaco WA 6008
Australia

Legal Advisors

Automic Legal
Level 5
126 Philip St
Sydney NSW 2000
Australia

Share Registry

Automic Registry Services
Level 2
267 St Georges Terrace
Perth WA 6000
Australia

Stock Exchange Listing

Australia Securities Exchange
ASX Code: APV

Chairman Review

Dear Shareholders,

Welcome to the annual report of AppsVillage, the second since the Company listed on the Australian Securities Exchange in August 2019 and the first for me personally since I was appointed Non-Executive Chairman of the Company in June 2020.

Financial Year 2020 was a year of significant change not only for AppsVillage, but for all companies and markets globally. The challenges brought about by the COVID-19 pandemic, not only significantly changed the daily lives for most people in the world, but also significantly changed the operating environment for most businesses around the world. While the pandemic has presented many challenges, I am pleased to report that your Company has responded quickly to these challenges and where possible has addressed opportunities to ensure SMBs are better positioned to deal with the impacts of the COVID-19 pandemic and adapt to the changing operating environment. We believe now more than ever that for SMBs to be successful, they must have an online strategy and we have been working hard to ensure that AppsVillage becomes the go-to provider for SMBs looking to establish a digital presence to enable them to better connect with their customers and grow their business.

A changing operating environment

Although 2020 COVID-19 was creating significant uncertainty on all businesses and markets worldwide, AppsVillage Australia Limited delivered in year 2020, \$992,832 in annual revenues which is 1.6X on its annual revenues compared to year 2019. `

The start of the 2020 calendar year began with the strong momentum of the previous year continuing through the first quarter with the Company reporting revenue growth of 36% and paying customer growth of 22% versus the previous fourth quarter of 2019. While this was a very promising start to the 2020 Financial Year, it became clear towards the end of the first quarter that the COVID-19 pandemic was creating significant uncertainty on all businesses and markets worldwide as governments attempted to respond to the unknown impacts COVID-19 may have on economies. The country specific lock-downs which ensued, significantly affected supply chains and logistics along with customer demand as both businesses and customers tried to come to terms with the effects of the pandemic. Up to this point, the AppsVillage strategy had been to demonstrate the ability of the business to scale, which had been very successful. However, with a significantly changed operating environment, the Company needed to adapt and respond to the challenges and opportunities presented by the pandemic.

As a result, towards the end of the first quarter of 2020, the Company embarked on a cost reduction strategy with the aim to focus on profitable and sustainable growth moving forward. As a result, paid advertising to acquire customers was reduced dramatically. The impact of this strategy led to invoiced revenues falling by approximately 54% from Q1 2020 to Q4 2020. However, the decline in spending for the business was far more dramatic, falling approximately 90% from Q1 2020 to Q4 2020. The decline in spending has provided a more sustainable long term business model with the flexibility to again increase spending when market conditions show sustained improvement.

Having said that, the company took advantage of the COVID 19 slowdown and invested a lot of resources to optimize its offering to bring even greater value for SMBs. The hard work has accomplished a new must-have product for SMBS to overcome the challenge of bringing traffic to its new digital assets. This new product brings AppsVillage to a much bigger market with a much higher revenue potential for 2021.

New initiatives to support SMBs and help build their online presence.

As the Company implemented its cost reduction strategy, we also set about finding ways we could assist SMBs in dealing with the challenges presented by the pandemic. In late March 2020, the Company announced an emergency micro loan facility to assist SMBs with their immediate cashflow needs as credit markets around the world began to tighten. Then in early May, the Company announced a Freemium pass for Australian SMBs to use the AppsVillage platform in order to provide them with the tools necessary to establish a digital presence and help them connect with their customers and improve their sales potential. Both of these initiatives were implemented to help SMBs respond to some of the immediate challenges they faced.

However, what became very clear as the effects of the pandemic continued to disrupt normal day to day operating conditions for businesses, was that Companies more than ever needed to establish a digital presence and an online strategy in order to better connect with customers. The pandemic has accelerated the shift of businesses and consumers to digital commerce and it is here where AppsVillage seeks to be the go-to provider for SMBs looking to establish themselves and compete in a digital world.

JARVIS Launch

In June 2020 the Company launched JARVIS, an AI-based Facebook advertising campaign management agent for SMBs. JARVIS was developed to serve as backend of a virtual marketing manager (see AdRabbit below) to enable SMBs to build and manage intelligent

online advertising and promotion campaigns at a fraction of the cost of traditional human marketing managers which some SMBs may not be in a position to afford. Since its launch, the results of JARVIS have been shown to significantly improve Facebook advertising campaigns across a number of sectors, in particular, retail, beauty and fitness. The Company has continued to work with SMBs to expand and improve the capabilities of JARVIS to deliver better results for customers, leading to a significantly improved customer ROI.

JARVIS has been shown to significantly increase the number of new leads being generated for SMBs. Some Facebook campaigns have produced a 300% increase in new leads versus leads generated through a standard approach. The strong early results and effectiveness of JARVIS increased the Company's focus on making sure that JARVIS would be available to as many SMBs as possible. In October, AppsVillage signed an agreement with global ERP provider Priority Software, which has made JARVIS available to over 75,000 customers across 40 countries. Priority Software's selection of JARVIS provides strong validation of its capabilities and is in line with the Company's strategy to engage with a broad range of customers and third-party service providers to improve its reach with SMBs globally.

Following the agreements and partnerships with Facebook and Priority Software, AppsVillage signed further agreements with both TikTok and Google Ads in early December to launch JARVIS on their platforms, enabling SMBs to leverage TikTok's social power and Google Ads online reach to promote their business. JARVIS for both TikTok and Google Ads provides an optimized solution for SMBs to quickly and easily create and manage intelligent online advertising and promotion campaigns in a matter of minutes. TikTok was the world's most downloaded app in August 2020 and at the time had over 500 million users worldwide, providing a tremendous opportunity for SMBs to improve their reach with customers.

The Company has had great success in making JARVIS available to SMBs on some of the world's largest platforms, but importantly the JARVIS system has the benefit for SMBs of being able to optimize allocation between the Facebook, Google and TikTok Platforms to achieve greater efficiency and higher return on their marketing Ad spend for each SMB that advertises on the AppsVillage platform. AppsVillage is able to keep SMBs at the top of social media advertisement trends while at the same time being able to provide significant savings in costs and time for SMBs. The platform does the rethinking and auto-evaluates which social media platform and advertising platform is most suitable for their brand.

AdRabbit Launch Coming

The Company continued to innovate throughout 2020 with the aim to help SMBs establish a digital presence. Just prior to the end of calendar 2020, AppsVillage announced the launch of AdRabbit in January 2021. AdRabbit is an affordable digital advertising and marketing platform that allows SMBs to design, build and launch advertising campaigns easily on social media platforms and top tier networks such as Facebook, Google and TikTok, directly from their mobile.

AdRabbit leverages the JARVIS AI-based advertising engine to ensure that advertising campaigns yield maximum customer reach and user conversion results. The Company is very excited by the potential of AdRabbit to not only further improve SMBs advertising campaigns, but to also improve their reach and conversion results with customers.

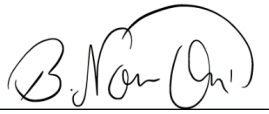
Outlook - positioned for growth in 2021

AppsVillage went through a significant transformation in calendar 2020 in response to the challenges of the COVID-19 pandemic. As a result, the Company reduced its costs substantially and is now focused on profitable and sustainable growth. New initiatives like JARVIS and AdRabbit have been designed to assist SMBs with the structural shift taking place to establish an online presence to promote their businesses. These initiatives will be key drivers of growth and profitability for AppsVillage as we commence the 2021 Financial Year.

The Company made a number of management and executive changes throughout 2020 designed to improve the Company's ability to execute on its strategic goals and milestones and will continue to make further appointments as the business continues to grow.

AppsVillage will continue to innovate in order to become the go-to provider for SMBs looking to build their digital strategy. The Company is committed to creating shareholder value and believe we are well placed to deliver on our operational and commercial targets in 2021.

Yours sincerely



Bahram Nour-Omid
Chairman

AppsVillage Australia Limited
Directors' Report
31 December 2020

The Directors present their report, together with the financial statements of AppsVillage Australia Limited (“the Company” or “AppsVillage”) and its controlled entity (“the Group”) for the financial year ended 31 December 2020.

Directors

Name	Status	Appointed	Resigned
Yoav Ziv	Non-Executive Director	23 May 2019	-
Max Bluvband	Executive Director and Chief Executive Officer	21 May 2019	-
Shahar Hajdu	Executive Director and Chief Technology Officer since Company's inception	3 October 2019	-
Bahram Nour Omid	Chairman and Non-Executive Director	10 June 2020	-
Andrew Whitten	Non-Executive Director and Company Secretary	10 June 2020	From Company Secretary on 12 March 2021-
Leanne Graham	Non-Executive Director	19 May 2019	10 June 2020
Jonathan Hart	Non-Executive Director and Company Secretary	1 March 2019	10 June 2020

Principal Activities

AppsVillage Australia Limited is a software-as-a-service (“SaaS”) company that commenced activities in 2016.

AppsVillage provides an easy and inexpensive SaaS solution that allows small-to-medium businesses to create and manage their own mobile application as a means of connecting with their customers and growing their business.

AppsVillage’s technology has automated the design, development, maintenance and marketing of mobile apps, allowing any business to build, preview and launch their own application without have any code writing or digital marketing knowledge.

Dividends

No dividends have been paid or declared by the Group since the beginning of the financial year. No dividends were paid for the previous financial year.

Review of Operations

Unless otherwise stated, all figures in this report are in the Company’s presentation currency US\$.

Although in 2020 COVID-19 has created significant uncertainty on all businesses and markets worldwide, AppsVillage Australia Limited delivered in year 2020, \$992,832 in annual revenues which is **1.6X** on its annual revenues compared to year 2019.

The start of the 2020 calendar year began with the strong momentum of the previous year continuing through the first quarter with the Company reporting revenue growth of 36% and paying customer growth of 22% versus the previous fourth quarter of 2019. While this was a very promising start to the 2020 Financial Year, it became clear towards the end of the first quarter that the COVID-19 pandemic was creating significant uncertainty on all businesses and markets worldwide as governments attempted to respond to the unknown impacts COVID-19 may have on economies. The country specific lock-downs which ensued, significantly affected supply

chains and logistics along with customer demand as both businesses and customers tried to come to terms with the effects of the pandemic. Up to this point, the AppsVillage strategy had been to demonstrate the ability of the business to scale, which had been very successful. However, with a significantly changed operating environment, the Company needed to adapt and respond to the challenges and opportunities presented by the pandemic.

Considering the mentioned above factors, the company has decided to invest a lot of resources to optimize the product in order to ensure a higher value to its customers and therefore they would be less inclined to turn off their subscriptions. During this product optimization phase, the company has also substantially reduced its spend on acquiring new customers.

**AppsVillage Australia Limited
Directors' Report (Continued)
31 December 2020**

As a result, towards the end of the first quarter of 2020, the Company embarked on a cost reduction strategy with the aim to focus on profitable and sustainable growth moving forward. The impact of this strategy led to invoiced revenues falling by approximately 54% from Q1 2020 to Q4 2020. However, the decline in spending for the business was far more dramatic, falling approximately 90% from Q1 2020 to Q4 2020. The decline in spending has provided a more sustainable long term business model with the flexibility to again increase spending when market conditions show sustained improvement.

The amount of SMBs subscribed to the platform as of December 31, 2020 was 3,879 compared to 6,525 in December 31, 2019.

AppsVillage Australia Limited had reduced its losses for the year ended 31 December 2020 to \$3,368,272 (2019: \$4,856,894). The 2020 loss included a non-cash share-based payment of \$249,060 (2019: \$289,930).

The net assets of the Group are \$163,366, compared to \$1,661,832 at 31 December 2019.

As at 31 December 2020, the Group's cash and cash equivalents are \$818,049 compared to \$2,662,198 at 31 December 2019.

Highlights during the year

Shares Issuance

In August 2020 the Company issued 22,145,906 ordinary shares at share price of 8 cents US (11.2c AUD). The funds were raised both from new and existing investors.

JARVIS

In June 2020, the Company launched JARVIS, an AI-based Facebook advertising campaign management agent for SMBs. JARVIS was developed to serve as a virtual marketing manager to enable SMBs to build and manage intelligent online advertising and promotion campaigns at a fraction of the cost of traditional human marketing managers which some SMBs may not be in a position to afford. Since its launch, the results of JARVIS have been shown to significantly improve Facebook advertising campaigns across several sectors in particular - retail, beauty and fitness. The Company has continued to work with SMBs to expand and improve the capabilities of JARVIS to deliver better results for customers, leading to a significantly improved customer ROI. JARVIS has been shown to significantly increase the number of new leads being generated for SMBs. Some Facebook campaigns have produced a 300% increase in new leads versus leads generated through a standard approach. The strong early results and effectiveness of JARVIS increased the Company's focus on making sure that JARVIS would be available to as many SMBs as possible.

AdRabbit

The Company continued to innovate throughout 2020 with the aim to help SMBs establish a digital presence. Just prior to the end of calendar 2020, AppsVillage announced the launch of AdRabbit in January 2021. AdRabbit is an affordable digital advertising and marketing platform that allows SMBs to design, build and launch advertising campaigns instantly on social media platforms and top tier networks such as Facebook, Google and TikTok, directly from their mobile. AdRabbit leverages the JARVIS AI-based advertising engine to ensure that advertising campaigns yield maximum customer reach and user conversion results. The Company is very excited by the potential of AdRabbit to not only further improve SMBs advertising campaigns, but to also improve their reach and conversion results with customers.

Strategic Partnerships

In October, AppsVillage signed an agreement with global ERP provider Priority Software, which has made Jarvis available to over 75,000 customers across 40 countries. Priority Software's selection of AdRabbit provides strong validation of its capabilities and is in line with the Company's strategy to engage with a broad range of customers and third-party service providers to improve its reach with SMBs globally. Following the agreements and partnerships with Facebook and Priority Software, AppsVillage signed further agreements with both TikTok and Google Ads in early December to launch JARVIS on their platforms, enabling SMBs to leverage TikTok's social power

and Google Ads online reach to promote their business. JARVIS for both TikTok and Google Ads provides an optimized solution for SMBs to quickly and easily create and manage intelligent online advertising and promotion campaigns in a matter of minutes. TikTok

was the world’s most downloaded app in August 2020 and at the time had over 500 million users worldwide, providing a tremendous opportunity for SMBs to improve their reach with customers.

Corporate Director Changes

On June 10, 2020 Jonathan Hart and Leanne Graham resigned as non-executive company directors.

Bahram Nor Omid was appointed on June 10, 2020 as non-executive director and Chairman of the board.

On March 12, 2021 David Hwang from the Automic Group was appointed as Company Secretary and Andrew Whitten resigned from that role.

On March 12, 2021 David Hwang from the Automic company has been appointed as Company Secretary.

**AppsVillage Australia Limited
Directors’ Report (Continued)
31 December 2020**

Events after the reporting period

Director's investments

The company has successfully completed the placement for share raising \$155K USD.

Capital Raising

The company has successfully completed a placement of institutional and private investors of \$465K USD (\$600K AUD) before cost.

The company has signed a non-binding term sheet with several investors for raising additional funds in the amount of \$2,113K USD.

On March 12, 2021 Andrew Whitten has resigned as Company's Secretary and David Hwang from the Automic company has been appointed as Company Secretary.

There were no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**AppsVillage Australia Limited
Directors’ Report (Continued)
31 December 2020**

Information on Directors

Yoav Ziv	Non-Executive Director appointed on 23 May 2019
Qualifications	Yoav holds an MBA from Ben Gurion University, Israel, and is a Computer Science and Economics graduate from Tel Aviv University, Israel.
Experience	Yoav Ziv is senior vice president and the General Manager of AT&T consumer, media and advertising for Amdocs Limited (Amdocs), a leading software and services provider to communications and media companies. Yoav resides in New York City. From 2015 to 2017, Yoav was the global head of the quality engineering services business unit within Amdocs. From 2013 to 2015, Yoav was the customer business executive responsible for the Amdocs business at a tier 1 pay T provider in New York. From 2010 to 2013, Yoav was VP of marketing and strategic services at Realization, a Silicon Valley technology and consulting firm specializing in project management technologies and practices. Prior to 2010, Yoav filled numerous roles in Amdocs in development, product management, sales, presales and operations management. 250,000 unlisted options expiring 27 Aug 2021 40,000 ordinary shares

Interest in Shares and Options at the date of this report
 Directorships held in other listed entities (last 3 years)

Max Bluvband Executive Director and Chief Executive Officer appointed on 21 May 2019

Qualifications Bachelor of Science in Computer Science from Netanya Academic College.

Experience Max Bluvband is the Chief Executive Officer and co-founder of AppsVillage. Max is an entrepreneur with more than 18 years of experience and has founded multiple technology and mobile-focused companies. In these companies, Max has led fundraising rounds from angel investors and top-tier venture capitalists, such as Sequoia Capital, totaling more than US\$15 million (approximately A\$20.2 million) in funding. Max has also led merger and acquisition activity, sales and other strategic initiatives in his companies. Prior to co-founding AppsVillage, Max founded and served as the Chief Executive Officer of Silent Communication Ltd., a company that provides device and network agnostic mobile client solutions. He led all activities with Silent Communication Ltd., including multi-million dollar transactions with customers such as T-Mobile US (NASDAQ:TMUS), Sony (TYO:6758), Metro PCS, Alltel, Alcatel Lucent (Euronext: ALU), France Telecom (Euronext: ORA), A1, Ericsson (NASDAQ:ERIC), Sony Ericsson, Telecom Italia (BIT: TIT), MTS (MCX: MTSS) and Safaricom, among others.

Interest in Shares and Options at the date of this report 3,092,506 ordinary shares
 1,108,457 unlisted options expiring on or before 5 years from the date of quotation (August 27, 2019) on ASX.
 9,187,500 performance options

Directorships held in other listed entities (last 3 years) Nil

**AppsVillage Australia Limited
 Directors' Report (Continued)
 31 December 2020**

Information on Directors (continued)

Shahar Hajdu Director appointed 3 October 2019 & Chief Technology Officer since Company's inception

Qualifications Bachelor of Science in Computer Science cum laude from The Technion – Israel Institute of Technology.

Experience Shahar Hajdu leads the research and development of AppsVillage's SaaS platform. Over the last 26 years, Shahar has gained extensive experience in software development, in industries ranging from communications to multimedia. Prior to co-founding AppsVillage, Shahar co-founded and served as the Chief Technology Officer of Silent Communication Ltd., a company that provides device and network agnostic mobile client solutions, working with mobile network operators, device manufacturers, and value-added service providers to rapidly expand deployment and revenue opportunities for mobile applications and services. There, Shahar lead the technology vision across Silent Communication Ltd's product line and worked with top-tier customer companies including T-Mobile US (NASDAQ: TMUS), Sony (TYO: 6758), MetroPCS, Alltel, Alcatel Lucent (Euronext: ALU), France Telecom (Euronext: ORA), A1, Ericsson (NASDAQ: ERIC), Sony Ericsson, Telecom Italia (BIT: TIT), MTS (MCX: MTSS) and Safaricom among others.

Shahar was also a senior software developer and senior engineer at Elbit Systems Ltd. (TLV: ESLT), an international high technology company engaged in a wide range of defence, homeland security, and commercial programs.

Interest in Shares and Options at the date of this report 3,092,506 ordinary shares
 1,108,457 unlisted options expiring on or before 5 years from the date of quotation on ASX
 9,187,500 performance options

Directorships held in other listed entities (last 3 years) Nil

Bahram Nour-Omid	Non-Executive Director and Chairman of the board appointed on 10 June 2020
Qualifications	Dr. Nour-Omid earned a B.S. from the University of London’s Imperial College, and an M.S. in Structural Engineering, M.A. in Mathematics and Ph.D. in Computer Simulation from the University of California, Berkeley.
Experience	Dr. Nour-Omid has extensive executive leadership experience in the high-tech arena specifically with Enterprise Software Solutions companies such as CRM, Supply Chain Management Systems, and E-Commerce. Dr. Nour-Omid has been integrally involved in various aspects of running high-tech businesses including product design, engineering, marketing as well as operations both domestic and international. He began his career as a consulting scientist at the Lockheed Palo Alto Research Laboratory, in 1982, where he conducted and directed research in the field of Scientific and high-performance computing. In 1990, Dr. Nour-Omid co-founded Scopus Technology where he was the Chief Technology Officer and served as a member of the Board of Directors of the company. Nour-Omid was responsible for all the product development activities at Scopus while helping the company maintain uninterrupted profitability from its inception, through a highly successful IPO in 1995. In 1998 the company merged into Siebel Systems, Inc. and ultimately acquired by Oracle Corporation. In 1999 Dr. Nour-Omid Founded StudioXchange, Inc., a provider of production site, labor and equipment procurement services for the entertainment industry and served as Chairman and Chief Executive Officer. In 2000 StudioXchange was merged into iFilm and later acquired by MTV Networks. In 2000 Dr. Nour-Omid became a founding member of Shelter Capital Partners, LLC., a private Venture Capital firm with investments in Information Technology companies. While at Shelter, he lead the investments and served on the board of; u-Nav microelectronics, a GPS solution provider for the mobile location-based market, acquired by Atheros Communications (Nasdaq: ATHR now part of Qualcomm); Kryptiq, a provider of secure clinical messaging and patient portal technologies, acquired by SureScript, LLC; Integrated Decision Systems (IDS), an enterprise software solution for Managed Accounts Industry, acquired by CheckFree (Nasdaq: CKFR, now part of Fisrv); Mobileum, Inc., a provider of software solutions for the global wireless carrier market acquired by Audax Private Equity.

**AppsVillage Australia Limited
Directors’ Report (Continued)
31 December 2020**

Information on Directors (continued)

In 2012 Dr. Nour-Omid assumed the Chairman and CEO role at Fuel Cycle, Inc. one of the portfolio companies of Shelter Capital, bringing the company back to growth and profitability to create a leading market research cloud that combines both qualitative and quantitative data to power real-time business decisions, where he remains as the executive chairman. In 2016 Dr. Nour-Omid became a founding member of Scopus Ventures a founder-focused early-stage venture capital firm with investments in the US and Israel. He is currently serving on the boards of AppsVillage, a provider of SaaS marketing solutions for SMBs; Aperio Systems, Inc., a continuous monitoring of industrial control systems; and Emperical, a provider of AI solutions for effective enterprise recruitment.

Interest in Shares and Options at the date of this report	2,624,669 Ordinary Shares
Directorships held in other listed entities (last 3 years)	None

Andrew Whitten	Non-Executive Director and Company Secretary appointed on 10 June 2020. Resigned as as Company secretary on 12 March 2021.
Qualifications	Bachelor of Arts (Economics) University of New South Wales, Master of Laws and Legal Practice, University of Technology Sydney. Graduate Diploma in Applied Corporate Governance, Governance Institute
Experience	Mr Whitten, who is based in Sydney, is a trained corporate lawyer, entrepreneur and investor. Andrew has worked with many companies and has significant expertise across a wide range of industry sectors, with an emphasis on technology

Interest in Shares and Options at the date of this report 100,000 Ordinary Shares

Directorships held in other listed entities (last 3 years) Mr Whitten is a Non-executive Director of TinyBeans Group Limited (ASX: TNY) since May 2020.

**Jonathan Hart
Qualifications**

Independent Non-Executive Director and Company Secretary resigned on 10 June 2020.
Bachelor of Law and Commerce

Experience

Jonathan is currently a director of Emerge Gaming Limited (ASX:EM1), Company Secretary or Hera-Med Limited and Mayur Resources Limited (ASX:MRL). He holds a Bachelor of Laws and Commerce and has provided corporate advisory services and held several board positions on various ASX listed companies over the years. His experience includes initial public offerings on ASX (AIM and JSE), reverse takeovers, due diligence investigations, general corporate and commercial drafting, public and private mergers and acquisitions, general corporate advice in relation to capital raisings, Corporations Act and ASX compliance.

Interest in Shares and Options at the date of this report 250,000 unlisted options expiring 27 August 2021
50,000 ordinary shares

Directorships held in other listed entities (last 3 years) Emerge Gaming Limited (ASX:EM1)

**Leanne Graham
Qualifications**

Non-Executive Director resigned on 10 June 2020
N/A

Experience

With over 30 years in the software sector, Leanne Graham has assisted technology companies with her broad experience, including SaaS expertise. Leanne is one of New Zealand's few female information technology entrepreneurs and a past Chief Executive Officer of GeoOp Limited (NZX: GEO) where she served between February 2013 and January 2015.

Leanne is currently the Chair of VerifyUnion Ltd (New Zealand) and VPC Limited (ASX: VPC), she sits on the Board of Directors of BidEnergy Limited (ASX: BID) and archTIS Limited (ASX: AR9). Leanne is an Advisory Board Member of Anfix Software S.L. and Nibo Softwares e Cursos SA (Brazil).

Leanne previously co-founded Enprise Software Group Limited, where she served as Group Sales & Marketing Director and global Business General Manager. She was also the Global Head of Sales and New Zealand Country Manager for Xero Limited, designing and executing the company's global sales and channel strategy.

Interest in Shares and Options at the date of this report 250,000 unlisted options expiring 27 August 2021
50,000 ordinary shares

Directorships held in other listed entities (last 3 years) BidEnergy Limited (ASX: BID)
archTIS Limited (ASX: AR9)
Independent Non-Executive Director and Company Secretary resigned on 10 June 2020.

**AppsVillage Australia Limited
Directors' Report (Continued)
31 December 2020**

Information on Directors (continued)

AppsVillage Australia Limited
Directors' Report (Continued)
31 December 2020

Information on Directors (continued)

Meetings of Directors

Director	Status	Directors' Meetings		Audit and Risk Committee		Remuneration Committee	
		Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Yoav Ziv	Appointed May 2019	8	8	-	-	-	-
Max Bluvband	Appointed May 2019	8	8	-	-	-	-
Shahar Hajdu	Appointed October 2019	8	8	-	-	-	-
Bahram Nour Omid	Appointed June 2020	6	6	-	-	-	-
Andrew Whitten	Appointed June 2020	6	6	-	-	-	-
Leanne Graham	Resigned June 2020	2	2	-	-	-	-
Jonathan Hart	Resigned June 2020	2	2	-	-	-	-

Committee membership

The Board has chosen not to establish an Audit and Risk Committee and a Remuneration committee. The Board considers that due to the relatively small size of the Company, the interests of the Company are best served by the full Board completing the functions normally delegated to an audit committee.

The processes that the Board employs to independently verify and safeguard the integrity of its corporate reporting include:

- reviewing and adopting the Company's quarterly, half year and annual report prior to release to shareholders and the ASX;
- overseeing the Company's relationship with the external auditor, the external audit function generally and ensuring the external audit engagement partner rotation is in accordance with the Corporations Code.
- overseeing the adequacy of the Company's financial risk management and internal controls.

Options

During the financial year, no options were exercised.

As at the date of this report, and the reporting date, there were 7,182,822 options on issue (2019: 37,049,314. Refer to Note 16) of the financial statements for details on options issued during the financial year.

The holders of these options do not have any rights under the options to participate in any share issue of the Company or any other entity.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnification and Insurance of directors and officers

The Group has indemnified the Directors and Executives of the Group for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to ensure the Directors and Executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Environmental Regulations

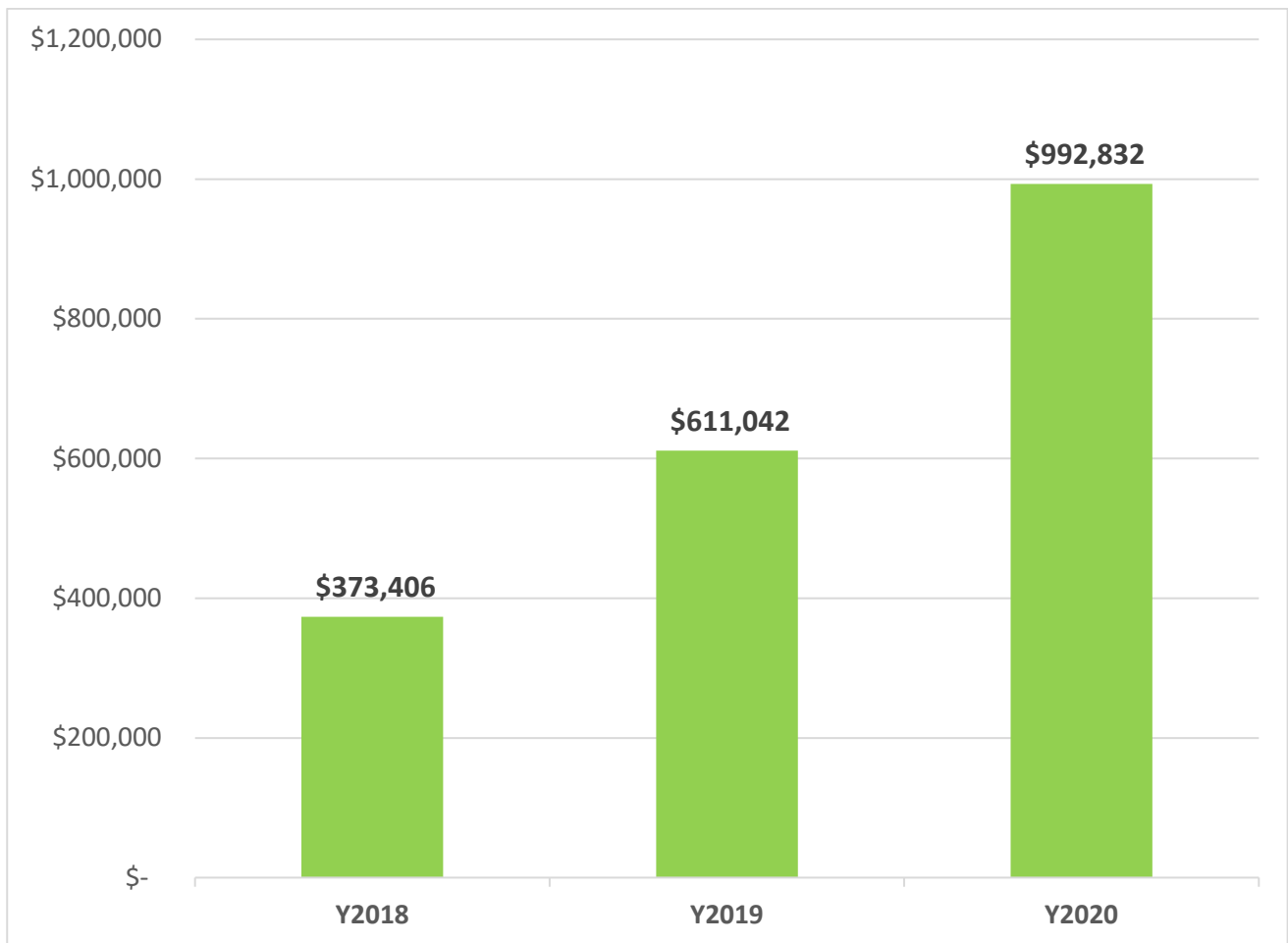
The Directors are not aware of any significant environmental issues affecting the Group or its compliance with relevant environmental issues affecting the Group or its compliance with relevant environmental agencies or regulatory authorities.

Likely Developments and Expected Results of Operations

Although 2020 COVID-19 was creating significant uncertainty on all businesses and markets worldwide, AppsVillage Australia Limited delivered in year 2020, \$992,832 in annual revenues which is 1.6X on its annual revenues compared to year 2019.

Having said that, the Company took advantage of the COVID 19 slowdown and invested a lot of resources to optimize its offering to bring on of the most important tools for SMBs growth. The hard work has accomplished a new must-have product called “AdRabbit” for SMBS (AdRabbit) to overcome the challenge of bringing traffic to the SMBs new digital assets. This new product brings AppsVillage to a much bigger market with a much higher revenue potential for 2021.

USD



**AppsVillage Australia Limited
Directors' Report (Continued)
31 December 2020**

Indemnification of Auditors

To the extent that is permitted by law, the Company has agreed to indemnify its auditors, BDO Audit (WA) Pty Ltd, as part of the terms of the agreement against claims by third parties arising from their report on the financial report. No payment has been made to indemnify BDO Audit (WA) Pty Ltd during or since the financial year.

Non-audit Services

The Company's auditor, BDO Audit (WA) Pty Ltd, has provided US\$0 (2019:US\$20,160) in non-audit service and its network firm has provided US\$4,500 in non-audit services to the Group during the year ended 31 December 2020 (2019: US\$4,000).

Full details of their remuneration can be found within the financial statements at Note 6.

In the event that non-audit services are provided by BDO Audit (WA) Pty Ltd, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise the auditor independence requirements of the *Corporations Act 2001*. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23.

This report is made in accordance with a resolution of Directors.

AppsVillage Australia Limited
Directors' Report (Continued)
31 December 2020

Remuneration Report - Audited

The remuneration report for the year ended 31 December 2020 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth), as amended (Act) and its regulations. The information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Key management personnel covered in this report
2. Remuneration governance
3. Executive remuneration arrangements
4. Non-executive director fee arrangements
5. Details of remuneration
6. Additional disclosures relating to equity instruments
7. Loans to key management personnel (KMP) and their related parties
8. Other transactions and balances with KMP and their related parties
9. Voting of Shareholdings at last year's annual general meeting

1. Key management personnel covered in this report

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the directors of the Company and identified key management personnel. Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

Key management personnel covered in this report are as follows:

Name	Status	Appointed	Resigned
Yoav Ziv	Non-Executive Director	23 May 2019	-
Max Bluvband	Executive Director and Chief Executive Officer since Company's inception	21 May 2019	-
Shahar Hajdu	Executive Director and Chief Technology Officer since Company's inception	3 October 2019	-
Bahram Nour Omid	Non-Executive and Chairman	10 June 2020	-
Andrew Whitten	Non-Executive Director & Company Secretary	10 June 2020	-
Leanne Graham	Non-Executive Director	19 May 2019	10 June 2020
Jonathan Hart	Non-Executive Director	1 March 2019	10 June 2020
Other key management personnel			
Gidi Krupnik	Chief Financial Officer	1 January 2019	-
Moshe Cohen	Vice President of Business Development	1 June 2018	-

2. Remuneration governance

The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of a separate remuneration committee. Accordingly, all matters are considered by the full Board of Directors, in accordance with a Remuneration Committee Charter.

At this stage the Board does not consider the Group's earnings- or earnings-related measures to be an appropriate key performance indicator (KPI). In considering the relationship between the Group's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed as well as measures such as successful completion of business development and corporate activities.

During the financial year, the Company did not engage any remuneration consultants.

**AppsVillage Australia Limited
Directors' Report,**

Remuneration Report - Audited (Continued)

3. Executive remuneration arrangements

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, equity-based compensation, as well as employer contributions to social benefits/superannuation funds. There is no performance-based remuneration.

The compensation of the executives is subject to the approval by the Board on a case-by-case basis.

Mr Max Bluvband

Mr Max Bluvband is the Co-Founder, Executive Director/ Chief Executive Officer (CEO). In July 2016, AppsVillage Israel entered into an executive agreement with Max Bluvband pursuant to which Mr Bluvband was appointed as the CEO.

A summary of the agreement is as follows:

- (a) (Term) Mr Bluvband's service commenced on 1 July 2016 and continues in full force and effect until terminated in accordance with the agreement.
- (b) (Salary): Mr Bluvband is paid a gross monthly salary of NIS 37,800 and superannuation and social benefits of NIS 7,900 (approximately US\$13,000 based on prevailing exchange rates) per month pursuant to the agreement.
- (c) (Events of Termination): the agreement is terminable by either party by 90 days' prior written notice but may be terminated immediately by AppsVillage Israel where Mr Bluvband commits a material breach of the agreement, including continued non-performance of his duties under the agreement.

The agreement is prepared in accordance with, and is subject to, the laws of Israel and contains terms and conditions which are considered standard for an agreement of its nature, including those in relation to confidentiality, non-competition and non-solicitation, confirmation of proprietary rights and other standard clauses.

Mr Shahr Hajdu

Mr Shahr Hajdu is the Co-Founder, Executive Director/Chief Technology Officer (CTO). In July 2016, AppsVillage Israel entered into an agreement with Mr Shahr Hajdu pursuant to which Mr Hajdu was appointed as the CTO.

A summary of the agreement is as follows:

- (a) (Term) Mr Hajdu's service commenced on 1 July 2016 and continues in full force and effect until terminated in accordance with the agreement.
- (b) (Salary): Mr Hajdu is paid a gross monthly salary of NIS 37,800 and superannuation and social benefits of NIS 7,300 (approximately US\$13,000 based on prevailing exchange rates) per month pursuant to the agreement.
- (c) (Events of Termination): the agreement is terminable by either party by 90 days' prior written notice but may be terminated immediately by AppsVillage Israel where Mr Hajdu commits a material breach of the agreement, including continued non-performance of his duties under the agreement.

The agreement is prepared in accordance with, and is subject to, the laws of Israel and contains terms and conditions which are considered standard for an agreement of its nature, including those in relation to confidentiality, non-competition and non-solicitation, confirmation of proprietary rights and other standard clauses.

Mr Moshe Cohen

Mr Moshe Cohen is Vice President of Business Development. In June 2018, AppsVillage Israel entered into an agreement with Mr Moshe Cohen pursuant to which Mr Cohen was appointed as the Vice President of Business Development.

A summary of the agreement is as follows:

- (a) (Term) Mr Cohen's service commenced on 1 June 2018 and continues in full force and effect until terminated in accordance with the agreement.
- (b) (Salary): Mr Cohen is paid a monthly fee of US\$ 6,000 per month pursuant to the agreement.
- (c) (Events of Termination): the agreement is terminable by either party by 90 days' prior written notice but may be terminated immediately by AppsVillage Israel where Mr Cohen commits a material breach of the agreement, including continued non-performance of his duties under the agreement.

The agreement is prepared in accordance with, and is subject to, the laws of Israel and contains terms and conditions which are considered standard for an agreement of its nature, including those in relation to confidentiality, non-competition and non-solicitation, confirmation of proprietary rights and other standard clauses.

Mr Gidi Krupnik

Mr Gidi Krupnik is Chief Financial Officer. In January 2019, AppsVillage Israel entered into an agreement with Mr Gidi Krupnik pursuant to which Mr Krupnik was appointed as the Chief Financial Officer.

A summary of the agreement is as follows:

- (a) (Term) Mr Krupnik's service commenced on January 1, 2019 and continues in full force and effect until terminated in accordance with the agreement.
- (b) (Salary): Mr Krupnik is paid an hourly fee of US\$ 157 per hour pursuant to the agreement.
- (c) (Events of Termination): the agreement is terminable by either party by 30 days' prior written notice but may be terminated immediately by AppsVillage Israel where Mr Krupnik commits a material breach of the agreement, including continued non-performance of his duties under the agreement.

The agreement is prepared in accordance with, and is subject to, the laws of Israel and contains terms and conditions which are considered standard for an agreement of its nature, including those in relation to confidentiality, non-competition and non-solicitation, confirmation of proprietary rights and other standard clauses.

4. Non-executive director fee arrangements

The Board policy is to remunerate non-executive directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to non-executive directors.

The maximum aggregate amount of fees that can be paid to non-executive directors is presently limited to an aggregate of approximately \$342,000 (A\$500,000) per annum and any increase is subject to approval by shareholders. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, directors are encouraged to hold shares in the Company.

Total fees for non-executive directors for the financial year were \$144,407 (A\$212,400) and cover main Board activities only. Non-executive directors may receive additional remuneration for other services provided to the Group. All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

AppsVillage Australia Limited
Directors' Report,

Remuneration Report - Audited (Continued)

5. Details of Remuneration

31 December 2020

	Short term salary, fees & commissions	Superannuation & social benefits	Non- monetary benefits	Bonus	Share-based payments	Total	Performance based remuneration
	US\$	US\$	US\$	US\$	US\$	US\$	%
Executive Directors:							
Max Bluvband	131,769	35,037	31,109	-	-	197,915	-
Shahar Hajdu	131,769	35,420	26,699	-	-	193,888	-
Non-Executive Directors:							
Yoav Ziv	41,330	-	-	-	-	41,330	-
Bahram Nour Omid (i)	42,000	-	-	-	-	42,000	-
Andrew Whitten (i)	28,931	-	-	-	-	28,931	-
Leanne Graham (ii)	13,777	-	-	-	-	13,777	-
Jonathan Hart (ii)	18,369	-	-	-	-	18,369	-
Other KMP:							
Moshe Cohen	72,204	-	-	-	-	72,204	-
Gidi Krupnik	73,728	-	-	-	-	73,728	-
Total	553,877	70,457	57,808	-	-	682,142	-

(i) Mr Nour Omid appointed on 10 June 2020, Mr Whitten appointed on 10 June 2020.

(ii) Mrs Graham resigned on 10 June 2020, Mr Hart resigned on 10 June 2020.
They are not considered to be a KMP from these dates.

AppsVillage Australia Limited
Directors' Report,

Remuneration Report - Audited (Continued)

31 December 2019

	Short term salary, fees & commissions	Superannuation & social benefits	Non-monetary benefits	Bonus	Share-based payments	Total	Performance based remuneration
	US\$	US\$	US\$	US\$	US\$	US\$	%
Executive Directors :							
Max Bluvband	88,132	26,304	27,445	-	37,781	179,662	-
Shahar Hajdu	88,132	24,462	8,794	-	37,781	159,169	-
Non-Executive Director							
Yoav Ziv	23,940	-	-	-	18,166	42,106	-
Leanne Graham	23,940	-	-	-	18,166	42,106	-
Jonathan Hart	23,940	-	-	-	18,166	42,106	-
Nathan Barbarich	-	-	-	-	-	-	-
Howard Digby	-	-	-	-	-	-	-
Peter Webse	-	-	-	-	-	-	-
Other KMP							
Moshe Cohen (i)	74,977	-	-	-	19,710	94,687	-
Gidi Krupnik	64,418	-	-	-	-	64,418	-
Total	387,479	50,766	36,239	-	149,770	624,254	-

- (i) Mr Cohen resigned on 20 May 2019 from the position of Non-Executive Director, however continued to act as KMP in the capacity of Vice President of Business Development.

6. Additional disclosures relating to equity instruments

The number of ordinary shares in AppsVillage Australia Limited held by KMP of the Group during the financial year are as follows:

31 December 2020

	Balance at start of the year	Shares issued during the year (ii)	Other changes during the year	Balance at end of the year
Directors				
Yoav Ziv	40,000	-	-	40,000
Max Bluvband	3,092,506	-	-	3,092,506
Shahar Hajdu	3,092,506	-	-	3,092,506
Bahram Nour Omid	2,356,812	267,857	-	2,624,669
Andrew Whitten	-	100,000	-	100,000
Leanne Graham (i)	50,000	-	(50,000)	-
Jonathan Hart (i)	50,000	-	(50,000)	-
Other KMP				
Gidi Krupnik	-	-	-	-
Moshe Cohen	4,980,336	2,998,925	-	7,979,261
Total	13,663,160	4,706,067	(100,000)	16,928,942

- (i) Mrs Graham resigned on 10 June 2020, Mr Hart resigned on 10 June 2020. They are not considered to be a KMP from these dates and the balance at the end of the year represent the outstanding shares as of the date of the resignation.
- (ii) Shares issued during the year reflects on market sales/on market purchases.

AppsVillage Australia Limited
Directors' Report,

Remuneration Report - Audited (Continued)

KMP Option Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

31 December 2020

	Balance at start of the year	Granted as remuneration	Exercise d during the year	Options issued during the year	Other changes during the year	Balance at end of the year	Vested and exercisable	Unvested and un-exercisable
Executive Directors								
Max Bluvband	10,295,957	-	-	-	-	10,295,957	1,108,457	9,187,500
Shahar Hajdu	10,295,957	-	-	-	-	10,295,957	1,108,457	9,187,500
Non-Executive Directors								
Yoav Ziv	250,000	-	-	-	-	250,000	250,000	-
Bahram Nour-Omid	-	-	-	-	-	-	-	-
Andrew Whitten	-	-	-	-	-	-	-	-
Leanne Graham (i)	250,000	-	-	-	(250,000)	-	250,000	-
Jonathan Hart (i)	250,000	-	-	-	(250,000)	-	250,000	-
Other KMP								
Gidi Krupnik	-	-	-	-	-	-	-	-
Moshe Cohen	3,375,000	-	-	-	-	3,375,000	-	3,375,000
Total	24,716,914	-	-	-	(500,000)	24,216,914	2,966,914	21,750,000

- (i) Mrs Graham resigned on 10 June 2020, Mr Hart resigned on 10 June 2020. They are not considered to be a KMP from these dates and the balance at the end of the year represent the outstanding options as of the date of the resignation.

Options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

KMP Warrants Holdings

The number of warrants over ordinary shares held by each KMP of the Group during the financial year is as follows:

31 December 2020

	Balance at start of the year	Granted as remuneration	Exercised during the year	Warrants issued during the year	Other changes during the year	Balance at end of the year	Vested and exercisable	Unvested and un-exercisable
Executive Directors								
Max Bluvband	-	-	-	-	-	-	-	-
Shahar Hajdu	-	-	-	-	-	-	-	-
Non-Executive Directors								
Yoav Ziv	-	-	-	-	-	-	-	-
Bahram Nour Omid	-	-	-	-	-	-	-	-
Andrew Whitten	-	-	-	-	-	-	-	-
Leanne Graham	-	-	-	-	-	-	-	-
Jonathan Hart	-	-	-	-	-	-	-	-
Other KMP								
Gidi Krupnik	-	-	-	-	-	-	-	-
Moshe Cohen	300,000	-	-	-	-	300,000	300,000	-
Total	300,000	-	-	-	-	300,000	300,000	-

Warrants do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

AppsVillage Australia Limited

Directors' Report,

Remuneration Report - Audited (Continued)

Terms and conditions of the share-based payment arrangements

Directors' options

Option class	Number granted	Grant Date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Vested %
Director Options	250,000	8 August 2019	27 August 2019	3 years from the date of issue	AUD\$0.30	US\$0.07266	100%
Former Director Options	500,000	8 August 2019	27 August 2019	3 years from the date of issue	AUD\$0.30	US\$0.07266	100%

Performance options

The following performance options were granted in prior periods to Directors and other key management personnel:

Performance rights series	Grant date	No. of performance options	No. of performance options vested during the year	Fair value per performance option	Total fair value of performance options	Total value yet to be expensed
Class A	8 August 2019	7,000,000	-	\$0.0837	\$585,714	\$585,714
Class B	8 August 2019	7,000,000	-	\$0.0837	\$585,714	\$585,714
Class C	8 August 2019	7,000,000	-	\$0.0837	\$585,714	\$585,714
Total		21,000,000	-	-	\$1,757,142	\$1,757,142

In relation to Class A, B and C performance options the Directors have assessed the probability of meeting the non-market conditions as less than probable. Accordingly, no amount in relation to these performance options has been recognised in the Statement of Profit or Loss and Other Comprehensive Income or in the remuneration disclosures for Directors and key management personnel.

The 21,000,000 performance options have been granted to eligible participants as defined under the Company's performance options and options plan (PROP). In order to remain an eligible participant, the employee or director must remain in service to the Group or the right will lapse and not vest.

AppsVillage Australia Limited
Directors' Report,

Remuneration Report - Audited (Continued)

Terms and conditions of the share-based payment arrangements (continued)

Performance options (continued)

The above performance options were issued to the following Directors and other key management personnel:

	Class A	Class B	Class C	Total
Directors:				
Max Bluvband	3,062,500	3,062,500	3,062,500	9,187,500
Shahr Hajdu	3,062,500	3,062,500	3,062,500	9,187,500
Other KMP:				
Moshe Cohen	875,000	875,000	875,000	2,625,000
Total	7,000,000	7,000,000	7,000,000	21,000,000

The following terms and conditions apply to the Performance Options:

- 1) The performance hurdles for the performance options are based on 3 separate targets relating to the Company's revenue targets.
 - Tranche A Performance Options: will vest and become exercisable upon the Company achieving at least one of the Customer Collections or ACV revenues of at least AUD \$2,500,000 from sales of products and services based on the Company's technology, for any 12-month period after Admission and before the Performance Expiry Date.
 - Tranche B Performance Options: will vest and become exercisable upon the Company achieving at least one of customer collections or ACV revenues of at least AUD \$5,000,000 from total sale of products and services that are based on the Company's technology, for any 12-month period after Admission and before the Performance Expiry Date; and
 - Tranche C Performance Options: will vest and become exercisable upon the Company achieving at least one Customer Collections or ACV revenues of at least \$10,000,000 from total sales of products based and services that are based on the Company's technology, for any 12-month period after Admission and before the Performance Expiry Date.
- 2) In order to remain an eligible participant, the employee and director must remain in services to the Group or the right will lapse and not vest.
- 3) The performance options will vest on the date the milestone relating to that performance options has been satisfied. All of the performance rights will vest and become exercisable if a change of control event occurs in relation to the Company (whether by way of takeover bid, scheme of arrangement involving the Company which results in a change in 40% or more of the voting shares in the Company, or the Group sells all or substantially all of its business or assets).
- 4) Each performance Option entitles the holder to one fully paid ordinary share upon exercise.
- 5) Upon:
 - a. a takeover bid under Chapter 6 of the *Corporations Act* having been made in respect if the Company and:
 - i. having received acceptances for not less than 50.1% if the Company's Shares on issue; and
 - ii. having been declared unconditional by the bidder; or
 - b. a Court granting orders approving a compromise or arrangement for the purposes or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies, then, to the extent Performance Options have not converted into Shares due to satisfaction of the Vesting Conditions, the Performance Options will automatically vest and become exercisable.
- 6) The Performance Options are exercisable at any time on or prior to the Performance Expiry Date.
- 7) The Performance Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate and payment of the Performance Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

AppsVillage Australia Limited
Directors' Report,

Remuneration Report - Audited (Continued)

7. Loans from key management personnel (KMP) and their related parties

No loans are noted between the Group and key management personnel and their related parties for the current year (2019: Nil).

8. Other transactions and balances with KMP and their related parties

Transactions with related parties are entered into on terms equivalent to those that prevail in arm's length transactions.

Related parties of the Group's key management personnel are as follows:

Mr Zigmund Bluvband – Executive Director and CEO Max Bluvband's Father
 Mrs Hagit Bluvband – Executive Director and CEO Max Bluvband's wife
 Pearl Cohen Zedek Latzer Baratz – CEO's sister Anna Moshe is a partner of this legal firm

The Group has transactions with members of the Group's key management personnel and/or their related parties during the year as follows:

8(a) Share holdings by KMP related parties

31 December 2020

	Balance at start of the year	Granted remuneration	as	Other changes during the year	Balance at end of the year
Zigmund Bluvband	449,283	-		(449,283)	-
Total	449,283	-		(449,283)	-

(i) Other changes during the year reflects on market sales/on market purchases.

8(b) Options Holdings by KMP Related Parties

31 December 2020

	Balance at start of the year	Granted remuneration	as	Balance at the end of the year
Hagit Bluvband	229,052	-		229,052
Peral Cohen	193,282	-		193,282
Total	422,334	-		422,334

8(c) Details of remuneration

31 December 2020

	Short term salary, fees & commissions US\$	Superannuation & social benefits US\$	Non-Monetary benefits US\$	Total US\$
Hagit Bluvband	52,289	17,178	27,053	96,520
Peral Cohen Legal(i)	23,491	-	-	23,491
Total	75,780	17,178	27,053	120,011

(i) This is the fee paid to Pearl Cohen Legal for legal consult service in 2020. The terms of the agreement is on an arm's length basis.

AppsVillage Australia Limited
Directors' Report,

Remuneration Report - Audited (Continued)

9. Voting of shareholders at last year's annual general meeting

The Company received 99.66% "Yes" Votes cast on its Remuneration Report for the 2019 financial year.
The company did not receive any specific feedback at the annual general meeting regarding its remuneration practices.

This is the end of the audited remuneration report

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Max Bluvband", with a stylized flourish at the end.

Mr Max Bluvband
Chief Executive Officer

Tel Aviv, 31 March 2021

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF APPSVILLAGE AUSTRALIA LIMITED

As lead auditor of AppsVillage Australia Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AppsVillage Australia Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 31 March 2021

AppsVillage Australia Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020

	Note	2020 US\$	2019 US\$
Revenue from contracts with customers	2	992,832	611,042
Operating expenses			
Cost of revenues – commissions		(106,086)	(59,921)
Research and development		(790,227)	(547,790)
Selling and marketing		(2,171,520)	(2,616,218)
General and administrative		(1,024,874)	(542,185)
Share-based payments	16	(249,060)	(289,930)
Listing and registration expenses		-	(634,487)
Issue of founder shares		-	(929,952)
Loss before finance expenses		(3,348,935)	(5,009,441)
Finance income	3	9,310	5,998
Finance expense	3	(25,657)	(13,794)
Loss before income tax		(3,365,282)	(5,017,237)
Income tax expense	4	-	-
Loss for the year		(3,365,282)	(5,017,237)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve	15(c)	(2,990)	160,343
Total comprehensive loss for the year attributable to owners of the Company		(3,368,272)	(4,856,894)
Loss per share attributable to owners of the Company			
Basic/diluted loss per share (cents per share)	7	(0.07)	(0.140)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

AppsVillage Australia Limited
Consolidated Statement of Financial Position
As at 31 December 2020

	Note	2020 US\$	2019 US\$
CURRENT ASSETS			
Cash and cash equivalents	8	818,049	2,662,198
Restricted cash	9	44,772	28,223
Trade and other receivables	10	116,578	138,884
TOTAL CURRENT ASSETS		979,399	2,829,305
NON-CURRENT ASSETS			
Plant and equipment		14,121	10,116
Right- of- use assets		46,920	-
TOTAL NON-CURRENT ASSETS		61,041	10,116
TOTAL ASSETS		1,040,440	2,839,421
CURRENT LIABILITIES			
Trade and other payables	11	522,224	736,034
Employee provisions	12	154,116	93,577
Contract liability	13	153,659	347,978
Lease liabilities		27,268	-
TOTAL CURRENT LIABILITIES		857,267	1,177,589
NON-CURRENT LIABILITIES			
Lease liabilities		19,807	-
TOTAL NON-CURRENT LIABILITIES		19,807	-
TOTAL LIABILITIES		877,074	1,177,589
NET ASSETS		163,366	1,661,832
SHAREHOLDERS' EQUITY			
Issued capital	14	9,588,036	7,967,290
Reserves	15	1,198,608	952,538
Accumulated losses		(10,623,278)	(7,257,996)
SHAREHOLDERS' EQUITY		163,366	1,661,832

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

AppsVillage Australia Limited
Consolidated Statement of Changes in Equity
As at 31 December 2020

	Issued Capital	Accumulated losses	Share-based payment reserve	Foreign Currency Translation Reserve	decessor reserve	accounting	Mandatorily convertible bridge loans	Total
	US\$	US\$	US\$	US\$	US\$		US\$	US\$
Balance at 1 January 2019	304,314	(2,240,759)	298,258	-	-	-	2,023,577	385,390
Loss for the year	-	(5,017,237)	-	-	-	-	-	(5,017,237)
Other comprehensive income	-	-	-	160,343	-	-	-	160,343
Total comprehensive Income (loss) for the year	-	(5,017,237)	-	160,343	-	-	-	(4,856,894)
<i>Transactions with owners in their capacity as owners:</i>								
Issue of shares – Note 14	6,584,350	-	-	-	-	-	-	6,584,350
Capital raising costs –Note 14	(944,951)	-	363,210	-	-	-	-	(581,741)
Share based payments –Note 16	-	-	289,929	-	-	-	-	289,929
Conversion of convertible loan - Note 14	2,023,577	-	-	-	-	-	(2,023,577)	-
Transactions under capital restructure(i)	-	-	-	-	(159,202)	-	-	(159,202)
Balance at 31 December 2019	7,967,290	(7,257,996)	951,397	160,343	(159,202)	-	-	1,661,832
Balance at 1 January 2020	7,967,290	(7,257,996)	951,397	160,343	(159,202)	-	-	1,661,832
Loss for the year	-	(3,365,282)	-	-	-	-	-	(3,365,282)
Other comprehensive income	-	-	-	(2,990)	-	-	-	(2,990)
Total comprehensive Income(loss) for the year	-	(3,365,282)	-	(2,990)	-	-	-	(3,368,272)
<i>Transactions with owners in their capacity as owners:</i>								
Issue of shares– Note 14	1,800,159	-	-	-	-	-	-	1,800,159
Capital raising costs –Note 14	(179,413)	-	-	-	-	-	-	(179,413)
Share based payments –Note 16	-	-	249,060	-	-	-	-	249,060
Balance at 31 December 2020	9,588,036	(10,623,278)	1,200,457	157,353	(159,202)	-	-	163,366

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

AppsVillage Australia Limited
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2020

	Note	2020 US\$	2019 US\$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Receipts from customers		798,761	852,695
Payments to suppliers and employees		(4,170,025)	(2,910,460)
Listing and registration expenses		-	(634,487)
Interest paid		(5,783)	(7,796)
Net used in operating activities	8(b)	(3,377,047)	(2,700,048)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(9,399)	(8,984)
Net used in investing activities		(9,399)	(8,984)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares	14	1,769,970	5,103,455
Transaction costs related to issues of shares		(179,413)	(581,741)
Investments in restricted cash		(16,549)	-
Repayment of lease liability		(22,578)	-
Proceeds from mandatorily convertible bridge loans		-	371,472
Net cash provided from financing activities			4,893,186
Net increase (decrease) in cash and cash equivalents		(1,835,016)	2,184,154
Cash and cash equivalents at the beginning of the financial year		2,662,198	453,655
Impact of movement in foreign exchange rates		(9,133)	24,389
Cash and cash equivalents at the end of the financial year	8	818,049	2,662,198

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Non- cash Investing Activities:

Right of Use Asset acquisition \$19,519 USD

AppsVillage Australia Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements cover AppsVillage Australia Limited (Company) and its controlled entity (also referred to as Group).

AppsVillage Australia Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The nature of operations and principal activities of the Company are described in the Directors' report.

Basis of preparation of the financial report

a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

b) Basis of Measurement

The financial statements, except for cash flow information, have been prepared on an accruals 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 are presented in United States Dollars (US\$) and all values are rounded to the nearest dollar unless stated otherwise.

c) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for year ended 31 December 2020 of US\$ 3,365,282 (2019: US\$ 5,017,237) and net cash outflows from operating activities of US\$ 3,377,047 (2019: US\$2,700,048).

In context of this operating environment, the ability of the Group to continue as a going concern is dependent on securing additional funding through debt or equity to continue to fund its operational and marketing activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there will be sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Group for the following reasons:

- the Directors have assessed the likely cash flow for the 12-month period from the date of signing this financial report and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements as at the date of this report;
- the Group has recently been successful in raising equity and is planning to raise additional funds in the amount of \$1,163K USD (please refer to note 25);
- the level of expenditure can be managed; and
- the Directors also have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the provision of the Group's services.

AppsVillage Australia Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable. The directors plan to continue the Group's operations on the basis as outlined above and believe there will be sufficient funds for the Group to meet its obligations and liabilities for at least twelve months from the date of this report.

d) Principles of Consideration

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls as investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group, and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss Accumulated losses as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

e) Income Tax

Current income tax expense charged to the profit or loss is tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

AppsVillage Australia Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred income tax expense reflects movements in the deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

When temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

f) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

(i) Receivables

Trade receivables are measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 0 - 60 days.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through amortisation process and when the financial liability is derecognised.

Derivative instruments

The Group does not trade or hold derivatives.

Financial guarantees

The Group has no material financial guarantees.

AppsVillage Australia Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flow expires 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 where the related obligations are either discharged, cancelled or expired. The difference between the carrying value 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 on profit or loss.

g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks with original maturity of three months or less.

h) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 0 - 60 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amount expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for termination the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use of assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration cost

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value asset comprise IT equipment and small items of office furniture.

AppsVillage Australia Limited

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Revenue Recognition

The Group provides an online platform that enables users to create applications using their Facebook ('FB') pages and generates revenue primarily from services related to such applications.

The Group recognises revenue when the customer obtains control over the promised services. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled in exchange for the services promised to the customer, other than amounts collected for third parties.

Identifying the contract

The Group accounts for a contract with a customer only when the following conditions are met:

- (a) The parties to the contract have approved the contract (in writing, orally or according to other customer business practices) and they are committed to satisfying the obligations attributable to them;
- (b) The Group can identify the rights of each party in relation to services that will be transferred;
- (c) The Group can identify the payment terms for the service that will be transferred;
- (d) The contract has a commercial substance (i.e. the risk, timing and amount of the entity's future cash flows are expected to change as a result of the contract); and
- (e) It is probable the consideration, to which the Group is entitled to in exchange for its services transferred to customer, will be collected.

For the purposes of paragraph (e) the Group examines, inter alia, the percentage of the advance payments received and the spread of the contractual payments, past experience with the customer and the status and existence of sufficient collateral.

If a contract with a customer does not meet all the above criteria, consideration received from the customer is recognised as a contract liability until the criteria are met or when one of the following events occurs; the Group has no remaining obligation to transfer services to the customer and any considerations promised by the customer has been received and cannot be returned; or the contract has been terminated and the consideration received from the customer cannot be refunded.

Identifying Performance Obligations

On the contract's inception date, the Group assesses the services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer one of the following:

- (a) Services that are distinct; or
- (b) A series of distinct services that are substantially the same and have the same pattern of transfer to the customer.

The Group identifies services promised to the customer as being distinct when the customer can benefit from the services on their own or in conjunction with other readily available resources and the Group's promise to transfer the services to the customer is separately identifiable from other promises in the contract.

Determining the transaction price

The transaction price is the amount of the consideration to which the Group expects to be entitled in exchange for the services promised to the customer, other than amounts collected for third parties.

Satisfaction of performance obligations

Revenue is recognised overtime when the Group satisfies a performance obligation by transferring control over promised services to the customer.

AppsVillage Australia Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Revenue Recognition

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

j) Research and development expenses

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has intention and sufficient resources to complete development and to use or sell the asset.

As of 31 December 2020, the Group does not meet the conditions to capitalise any development expenditure, therefore, all expenditure was recognised in profit or loss as incurred.

k) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

l) Depreciation

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of the asset, less its residual value.

An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of the fixed asset item, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

- Computer and software 33%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

m) Goods and Services Tax (GST)/Value Added Tax (VAT)

Revenues, expenses, and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable.

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST/VAT component of investing and financing activities, which are disclosed as operating cash flows.

AppsVillage Australia Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Employee Benefits

Post-employment benefits

The liability for severance pay is in accordance its obligations under Israeli employment law (Section 14 of the Severance Compensation Act, 1963). All Israel based employees are included under Section 14, and are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in the employee's name with insurance companies or pension funds. Under Israeli employment law, payments in accordance with Section 14 release the employer from any future severance payments.

The funds are made available to the employee at the time the employer-employee relationship is terminated, regardless of the cause of termination. The severance pay liabilities and deposits under Section 14 are not reflected in the statements of financial position as the severance pay risks have been irrevocably transferred to the insurance companies or pension funds.

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or upon the actual absence of the employee when the benefit is not accumulated.

The employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits depending on when the Group expects the benefits to be wholly settled.

o) Equity-settled compensation

The Group measures the share-based expense and the cost of equity-settled transaction with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes option valuation model which takes into account the terms and conditions upon which the instruments are granted.

p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

q) Provisions

Provisions are recognised when the Group 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.

r) Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. The Share-based payment reserve records the cost of share-based payments.

s) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in US dollars which is the subsidiary's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

AppsVillage Australia Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised other comprehensive Income; otherwise the exchange difference is recognised in profit or loss.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period which the operation is disposed of.

s) Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

t) Share based payments

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of options is determined using the Black Scholes option valuation model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

For performance options with non-market based vesting conditions, at each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option reserve.

u) Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing:

- the profit/(loss) attributable to member of the parent entity, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (if any).

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

v) Predecessor Accounting

Business combinations involving entities under capital reorganisation are accounted for using the predecessor accounting method. Under this method;

- Carrying values are not restated in the accounts of the acquiring entity, rather prior book values are maintained. As a result, no fair value adjustments are recorded on the acquisition; and
- The carrying value of net assets or liabilities acquired is recorded as a separate element of equity.

AppsVillage Australia Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) 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 Group.

Key Estimates and judgements

Share based payments

The Group initially measures the cost of equity-settled transactions with employees, KMP and directors by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them, as well as an assessment of the probability of achieving non-market-based vesting conditions.

The directors also apply judgements to assess the probability and timing of achieving milestones related to the performance options. At 31 December 2020 the Directors have assessed the probability of meeting the non-market conditions as less than probable. Accordingly, no amount in relation to these performance rights has been recognised in the Statement of Profit or Loss and Other Comprehensive Income or in the remuneration disclosures for Directors and key management personnel. The assumptions and models for estimating fair value for share-based payment transactions are disclosed on Note 16.

The Directors make estimates and judgements in preparing the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events based and are based on current trends and economic data, obtained both externally and within the Group.

COVID – 19

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic. At 31 December 2020 the Group has reassessed all significant judgements and estimates included in the 31 December 2020 financial result and position, including but not limited to, provisions against debtors, impairment of non-current assets, and other provisions and estimates.

NOTE 2: REVENUE

The Group operates in one operating segment. In the following table sales are attributed to geographic distribution based on the location of the customer:

	2020 US\$	2019 US\$
Israel	7,160	18,942
United States	34,176	305,521
Other countries	11,496	286,579
Total revenue to external customers	992,832	611,042

AppsVillage Australia Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020

NOTE 2: REVENUE (Continued)

Total revenues in both financial years are generated from provision of services that allow small-to-medium businesses to create and manage their own mobile application as a means of connecting with their customers and growing their business. The revenue is recognised over time in both periods

Disaggregation of revenue

2020	Advertising Revenue US\$	Total US\$
Revenue recognition at a point in time	5,011	5,011
Over time	36,821	36,821
	992,832	992,832

2019	Advertising Revenue US\$	Total US\$
Revenue recognition at a point in time	7,736	47,736
Over time	33,306	33,306
	611,042	611,042

NOTE 3: EXPENSES

	2020 US\$	2019 US\$
Loss before income tax from continuing operations includes the following specific expenses:		
Payroll and related expenses	1,119,210	674,105
Professional services	383,089	392,729
Depreciation of plant and equipment	5,394	2,621
Depreciation of right of usage asset	24,031	-
Exchange rate differences	11,503	96,991
Finance expenses:		
- Interest income	(9,310)	(5,998)
- Interest expenses	25,657	13,794
Total finance expenses	16,347	7,796
Listing and registration expenses	-	634,487
Share based payments expense	249,060	289,929

During the period the Group undertook several share-based payment transactions which are detailed in Note 16.

AppsVillage Australia Limited
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NOTE 4: INCOME TAX

The financial accounts for the year ended 31 December 2020 comprise the results of AppsVillage Australia Limited and AppsVillage Israel. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 27.5% (2019: 27.5%). The applicable tax rate in Israel is 23% (2019: 23%).

a) Income tax expense

	2020 US\$	2019 US\$
Current tax		-
Deferred tax	-	-
	-	-

b) The income tax expense for the year can be reconciled to the accounting loss as follows:

	2020 US\$	2019 US\$
Loss for the year before tax	(3,365,282)	(5,017,237)
Tax at the Australian tax rate of 27.5%	25,453)	(1,379,740)
Effect of different tax rate of group entities operating in a different jurisdiction	143,093	147,973
Effect of expenses that are not deductible in determining taxable income	85,071	323,657
Effect of unused tax losses not recognised as deferred tax assets	697,289	908,110
	-	-

Tax losses

Unused tax losses for which no deferred tax asset has been recognised will be subject to the Group satisfying the requirements imposed by regulatory taxation authorities. The benefits of deferred tax assets will only be recognised if:

- Future assessable income is derived of a nature of an amount sufficient to enable the benefit to be realised.
- The condition for deductibility imposed by tax legislation continues to be complied with; and
- No changes in tax legislation adversely affect the Group in realising the benefit.

c) Deferred tax losses not recognised at reporting date

	2020 US\$	2019 US\$
Deferred tax assets not recognised at the reporting date		
Unused tax losses	839,105	1,358,457

AppsVillage Australia Limited
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NOTE 5: RELATED PARTY TRANSACTIONS

a) Key Management Personnel Compensation

The totals of remuneration paid to KMP during the year are as follows:

	2020	2019
	US\$	US\$
Short term salary and fees	553,877	387,479
Social benefits	70,457	50,766
Non-Monetary benefits	57,808	36,239
Share based payments	-	149,770
Total KMP Compensation	682,142	624,254

b) Other transactions

Transactions with related parties are entered into on terms equivalent to those that prevail in arm's length transactions.

Related parties of the Group's key management personnel are as follows:

Mr Zigmund Bluvband – CEO's Father
Mrs Hagit Bluvband – CEO's Wife
Pearl Cohen Zedek Latzer Baratz – CEO's sister Anna Moshe is a partner of this legal firm

The Group has transactions with members of the Group's key management personnel and/or their related parties during the year as follows:

b (1) Share holdings by KMP related parties

31 December 2020

	Balance at start of the year	Granted remuneration	as	Other changes during the year(i)	Balance at end of the year
Zigmund Bluvband	449,283	-		(449,283)	-
Total	449,283	-		(449,283)	-

(i) Other changes during the year reflects on market sales/on market purchases.

31 December 2019

	Balance at start of the year	Granted remuneration (iii)	as	Conversion (i)	Other changes during the year (ii)	Balance at end of the year
Moshe Cohen	-	1,687,500		-	-	1,687,500
Zigmund Bluvband	10,896	-		1,112,296	(673,909)	449,283
GNat Pty Ltd	-	2,750,000		-	176,251	2,926,251
Total	10,896	4,437,500		1,112,296	(497,658)	5,063,034

- (i) Conversion upon acquisition of the subsidiary AppsVillage Israel.
- (ii) Other changes during the year reflects on market sales / on market purchases.
- (iii) Received as part of 6,875,000 shares issued to the founders of the Company prior to the IPO with unit price of 0.1353. Refer to Note 14.

AppsVillage Australia Limited
Notes to the Consolidated Financial Statements
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NOTE 5: RELATED PARTY TRANSACTIONS (Continued)

b (2) Options Holdings by KMP Related Parties

31 December 2020

	Balance at start of the year	Granted remuneration	as	Balance at the end of the year
Hagit Bluvband	229,052	-		229,052
Pearl Cohen	193,282	-		193,282
Total	422,334	-		422,334

31 December 2019

	Balance at start of the year	Granted remuneration (i)	as	Conversion (ii)	Balance at the end of the year
RM Corporate	-	5,000,000		-	5,000,000
Hagit Bluvband	2,222	-		226,830	229,052
Total	2,222	5,000,000		226,830	5,229,052

- (i) The issue of 5,000,000 options with an exercise price of AUD\$0.30 and a life of 3 years to the Lead Manager.
(ii) Conversion upon acquisition of the subsidiary AppsVillage Israel.

b (3) Details of remuneration

31 December 2020

	Short term salary, fees & commissions US\$	Superannuation & social benefits US\$	Non-Monetary benefits	Total US\$
Hagit Bluvband	52,289	17,178	27,053	96,520
Pearl Cohen(i)	23,491	-	-	23,491
Total	75,780	17,178	27,053	120,011

- (i) This is the fee paid to Pearl Cohen, for legal consult service in 2020. The terms of the agreement are on an arm's length basis.

31 December 2019

	Short term salary, fees & commissions US\$	Superannuation & social benefits US\$	Non-Monetary benefits	Total US\$
Pearl Cohen legal(ii)	58,127	-	-	58,127
RM Corporation (i)	371,511	-	-	371,511
Hagit Bluvband	29,120	11,094	12,624	52,838
Total	458,758	11,094	12,624	482,476

- (ii) This is the fee paid to RM Corporation for IPO related service. The terms of the agreement are on an arm's length basis.
(iii) This is the fee paid to Pearl Cohen Legal for legal consult service in 2019. The terms of the agreement are on an arm's length basis.

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NOTE 6: AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2020 US\$	2019 US\$
Auditor remuneration		
- Auditing and reviewing the financial reports (BDO) - Australia	29,751	29,700
- Auditing and reviewing the financial reports (BDO) – Israel	66,000	30,000
	95,751	59,700
Other non-audit remuneration		
- Investigating Accountant's Report (BDO) – Australia	-	20,160
- Tax service (BDO) – Israel	4,500	4,000
	4,000	24,160

NOTE 7: LOSS PER SHARE

	2020 US\$	2019 US\$
Loss per share (EPS)		
a) Loss used in calculation of basic EPS and diluted EPS	,365,282)	(5,017,237)
b) Number of ordinary shares outstanding at year end used in calculation of basic and diluted loss per share	45,330,926	92

NOTE 8: CASH AND CASH EQUIVALENTS

	2020 US\$	2019 US\$
Cash at bank	818,049	2,662,198
Total cash and cash equivalents in the statement of cash flows	818,049	2,662,198

NOTE 8b: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES:

	2020 US\$	2019 US\$
Loss after income tax	(3,365,282)	(5,017,237)
Non-cash flows in loss after income tax		
- Non-cash currency differences expenses	4,598	106,077
- Share based payment expense	249,060	289,929
- Non-cash expense related to convertible loan	-	159,202
- Depreciation and amortisation	29,425	2,621
- Expenses related to issue of founder shares	-	929,952
Changes in assets and liabilities		
- (Increase) in trade and other receivables	22,306	(60,829)
- Increase in trade and other payables	(183,622)	558,303
- Increase in contract Liability	(194,071)	241,405
- Increase/(decrease) in provisions	60,539	90,529
Cash flow used in operating activities	(3,377,047)	(2,700,048)

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Non-Cash investing and financing activities

- Right of Use Asset acquisition \$19,519 USD
- The Group issued shares for professional services and converted debt to equity as described in Note 14. There were no other non-cash investing and financing activities during the year.

NOTE 9: RESTRICTED CASH

	2020	2019
	US\$	US\$
Restricted cash	44,772	28,223

NOTE 10: TRADE AND OTHER RECEIVABLES

CURRENT	2020	2019
	US\$	US\$
Accounts receivables	1,616	16,538
Other receivables	114,962	122,346
	116,578	138,884

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value. The Group's exposure to the risks associated with trade and other receivables are disclosed in Note 18.

NOTE 11: TRADE AND OTHER PAYABLES

CURRENT	2020	2019
	US\$	US\$
Trade payables	184,531	65,099
Accrued expenses	219,682	485,444
Employee payables	118,011	185,491
	522,224	736,034

All amounts are short-term. The carrying values of trade payables and other payables are considered to approximate fair value. The Group's exposure to the risks associated with trade and other payables are disclosed in Note 18.

NOTE 12: EMPLOYEE PROVISIONS

CURRENT	2020	2019
	US\$	US\$
Annual leave	154,116	93,577

NOTE 13: CONTRACT LIABILITY

	2020	2019
	US\$	US\$
Opening Balance	347,730	106,325
Payments received in advance	798,761	852,695
Transfer to Revenue	(992,832)	(611,042)
Closing Balance	153,659	347,978

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NOTE 14: ISSUED CAPITAL

	2020 Shares No.	2019 Shares No.	2020 US\$	2019 US\$
a) Share Capital				
Fully paid ordinary shares	99,182,445	76,658,758	9,588,036	7,967,290

b) Movement in Ordinary Capital	Date	No.	Unit Price US\$	Total
Opening balance as at 1 January 2020		76,658,758	n/a	7,967,290
Issue of shares in relation to capital raising via public offer	03 August 2020	19,164,688	0.08	1,531,488
Issue of shares under the SPP	28 August 2020	2,981,218	0.08	238,482
Issue of shares for professional services	16 October 2020	377,781	0.08	30,189
Costs of capital raising	-	-	-	(179,413)
Closing balance at 31 December 2020		99,182,445		9,588,036

c) Movement in Ordinary Capital	Date	No.	Unit Price US\$	Total
Opening balance as at 1 January 2019 (i)		110,028	n/a	304,314
Issue of shares in AppsVillage Ltd (Israel) (ii)	26 August 2019	19,950,686	n/a	-
Less: adjustment for predecessor accounting (i)	26 August 2019	(110,028)	n/a	-
Issue of shares upon conversion of loans held in the AppsVillage Ltd (Israel) by third parties(iii)	26 August 2019	10,910,905	n/a	2,023,577
Issue of shares – initial public offering	27 August 2019	25,000,000	0.1353	3,401,911
Issue of shares upon conversion of loans held in the Company	27 August 2019	3,923,198	0.1353	530,674
Existing shares of AppsVillage Australia Limited (iv)	27 August 2019	6,875,001	0.1353	929,952
Issue of shares in relation to capital raising via public offer	16 December 2019	9,998,968	0.1722	1,721,813
Costs of capital raising	-	-	-	(581,741)
Issue of 5,000,000 Lead Manager Options (refer to Note 16)	-	-	-	(363,210)
Closing balance at 31 December 2019		76,658,758		7,967,290

- (i) The application of continuation accounting for the acquisition and consolidation of common shareholders entity AppsVillage Ltd (Israel) required the disclosure of AppsVillage Ltd (Israel) shares on issue as at 31 December 2018 as a comparative.
- (ii) The Company issued 19,950,686 fully paid ordinary shares to AppsVillage Ltd (Israel).
- (iii) The issue of 10,910,905 ordinary shares on conversion of US\$2,023,577 mandatorily convertible converting loans in AppsVillage Australia.
- (iv) A financing cost of US \$ 929,952 has been recognised for the value of 6,875,000 shares of AppsVillage Australia post 31 December 2018 prior to the acquisition date to the founders of the company. The share is valued at AUD\$0.20 per share which is the IPO offer price.

a) Capital Management

Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raising as required. Any surplus funds are invested with major financial institution

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NOTE 15: RESERVES

a) Share Based Payment Reserve

	2020 US\$	2019 US\$
7,182,822 (31 December 2019: 37,049,314) options on issue	1,198,608	952,538

b) Movement in Share Based Payment Reserve

	2020 US\$
Opening balance as at 1 January 2020	951,397
<i>Expensed in the statement of profit or loss and other comprehensive income</i>	
Issue of 4,500,000 Advisor's options	226,253
Issue of 1,806,816 options	17,625
Issue of 547,494 options	3,740
Issue of 328,512 options	1,442
Closing balance as at 31 December 2020	1,200,457

c) Foreign currency translation Reserve

	2020 US\$	2019 US\$
Foreign exchange reserve closing balance	157,353	160,343

The foreign currency translation reserve records exchange differences arising on translation from functional currency to presentation currency.

d) Predecessor Accounting Reserve

	2020 US\$	2019 US\$
Predecessor accounting reserve closing balance	(159,202)	(159,202)

The reserve arises from the capital reorganisation and records the net liabilities of AppsVillage Australia Limited as at the acquisition date of 26 August 2019.

AppsVillage Australia Limited
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NOTE 16: SHARE BASED PAYMENTS

During the year ended 31 December 2020, the Company recorded the following share-based payments:

- The issue of 4,500,000 options with an exercise price of AUD\$0.42 and a life of 3 years to AppsVillage Advisors ("Advisor's Options"), which was approved at the company's 2019 AGM held on 16 June 2020.
- The issue of 1,806,816 options with an exercise price of AUD \$0.2 and a life of 10 years to certain employees of AppsVillage.
- The issue of 547,494 options with an exercise price of AUD \$0.16 and a life of 10 years to certain employees of AppsVillage.
- The issue of 328,512 options exercisable at AUD \$0.16 and a life of 10 years to certain employees of AppsVillage.
- The issue of 377,781 shares at USD \$0.08 for professional services.

Fair Value

Fair value is independently determined using a Black-Scholes option pricing model that takes into account the effective exercise price, the terms of the option, the share price at grant date and expected price volatility of the underlying share value. This valuation technique also applies to the Broker options as the value of the service performed could not be reliably determined. The Black Scholes inputs and valuations were as follows:

Options	Advisor Options	Company's Option Plan	Stock	Company's Option Plan	Stock	Company's Option Plan	Stock
Number of options	4,500,000	1,806,816		328,512		547,494	
Grant date	16 June 2020	12 February 2020		30 September 2020		28 October 2019	
Issue date	23 June 2020	12 February 2020		30 September 2020		28 October 2019	
Exercise price AUD \$	\$0.42	\$0.2		\$0.16		\$0.16	
Expected volatility	100%	100%		100%		100%	
Implied option life	3 years from issue date	10 years from issue date		10 years from issue date		10 years from issue date	
Expected dividend yield	Nil	Nil		Nil		Nil	
Risk free rate	0.248%	1.06%		0.8%		0.8%	
Valuation per option AUD \$	\$0.0735	0.1644		0.0616		0.0593	
Exchange rate	0.6844	0.6734		0.716		0.7046	
Valuation per option USD \$	\$0.05	\$0.1107		0.0441		0.0418	
Total valuation USD \$ (i)	\$226,253	\$17,625		\$1,442		\$3,740	

(i) The total fair valuation of options in FY20 is \$249,060 US dollars.

Except for the Company's stock option plan, all options vest immediately.

AppsVillage Australia Limited
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NOTE 16: SHARE BASED PAYMENTS (Continued)

Options	Broker Options	Warrants	Directors Options	Performance Options
Number of options	5,000,000	2,000,000	750,000	26,250,000
Grant date	8 August 2019	8 August 2019	8 August 2019	8 August 2019
Issue date	27 August 2019	27 August 2019	27 August 2019	27 August 2019
Exercise price AUD \$	\$0.30	\$0.30	\$0.30	\$0.20
Expected volatility	100%	100%	100%	100%
Implied option life	3 years from date of the official quotation to ASX	2.5 years from date of the official quotation to ASX	3 years from date of the official quotation to ASX	3 years from date of the official quotation to ASX
Expected dividend yield	Nil	Nil	Nil	Nil
Risk free rate	0.69%	0.69%	0.69%	0.69%
Valuation per option AUD \$	\$0.1074	\$0.0972	\$0.1074	\$0.1235
Exchange rate	0.6763	0.6763	0.6763	0.6763
Valuation per option USD \$	\$0.0726	\$0.0657	\$0.0726	\$0.0837
Total valuation USD \$	\$363,210	\$131,499	\$54,497	\$3,241,960

All options and warrants except for the performance options vest immediately.

Share Based Payments expense

Non-cash share-based payment expense for the full year is comprised as follows:

	2020 US\$	2019 US\$
Issue of 4,500,000 Advisor's options	226,253	-
Issue of 1,806,815 options	17,625	-
Issue of 547,494 options	3,740	-
Issue of 328,512 options	1,442	-
Issue of 2,000,000 warrants	-	131,499
Issue of 750,000 options	-	54,497
Issue of 3,049,314 options	-	103,934
Total share-based payments expense recognised in profit or loss	249,060	289,930

Performance Options/Rights

	Number of Options	Expense recognised FY20\$
Performance Options – Tranche A	8,750,000	-
Performance Options – Tranche B	8,750,000	-
Performance Options – Tranche C	8,750,000	-
Total	26,250,000	-

AppsVillage Australia Limited
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NOTE 16: SHARE BASED PAYMENTS (Continued)

Fair value of rights granted

A performance options plan (PROP) was established for the Chief Executive Officer (director), Chief Technology Officer (director) and other certain key employees. The performance rights were issued on 27 August 2019. The performance rights issued to the CEO and certain key employees pursuant to the PROP vest based on the achievement of various performance hurdles. The performance rights have been granted to eligible participants as defined under the Company's performance rights and option plan. In order to remain an eligible participant, the employee and director must remain in services to the Group or the right will lapse and not vest.

The performance hurdles for the performance rights and options are based on 3 separate targets relating to the Company's revenue targets.

- Tranche A Performance Options: will vest and become exercisable upon the Company achieving at least one of the Customer Collections or ACV revenues of at least AUD \$2,500,000 from sales of products and services based on the Company's technology, for any 12-month period after Admission and before the Performance Expiry Date.
- Tranche B Performance Options: will vest and become exercisable upon the Company achieving at least one of customer collections or ACV revenues of at least AUD \$5,000,000 from total sale of products and services that are based on the Company's technology, for any 12-month period after Admission and before the Performance Expiry Date; and
- Tranche C Performance Options: will vest and become exercisable upon the Company achieving at least one Customer Collections or ACV revenues of at least \$10,000,000 from total sales of products based and services that are based on the Company's technology, for any 12-month period after Admission and before the Performance Expiry Date.

The performance rights will vest on the date the milestone relating to that performance right has been satisfied. In total 26,250,000 performance rights were issued to the CEO and employees. The fair value of the performance rights has not been deemed as the performance rights are based on non-market conditions. The directors of the Company have deemed the likelihood of the non-market conditions being achieved as less than likely for Tranche A, Tranche B and Tranche C accordingly, no fair value assessment has been made in relation to these Tranches.

NOTE 17: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

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NOTE 18: FINANCIAL INSTRUMENTS

a) Capital management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Group's approach to capital management during the year.

b) Categories of financial instruments

	2020	2019
	US\$	US\$
Financial Assets		
Cash and cash equivalents	818,049	2,662,198
Restricted cash	44,772	28,223
Trade and other receivables	116,578	138,884
	979,399	2,829,305
Financial liabilities		
Trade and other payables and lease liabilities	349,617	250,590
	349,617	250,590

The fair value of the above financial instruments approximates their carrying values.

c) Financial risk management policies

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

The board has overall responsibility to the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of those risks on the Group where such impacts may be material. The board receives financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

d) Market risk

Market risk for the Group arises from the use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see (e) below).

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Notes to the Consolidated Financial Statements (continued)
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NOTE 18: FINANCIAL INSTRUMENTS (Continued)

e) Interest rate risk management

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit or equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Floating Interest Rate	Non-interest bearing	2020 Total	Floating Interest Rate	Non-interest bearing	2019 Total
	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets						
<i>- Within one year</i>						
Cash and cash equivalents	818,049	-	818,049	2,662,198	-	2,662,198
Restricted cash	44,772	-	44,772	28,223	-	28,223
Trade and other receivables	-	116,578	116,578	-	138,884	138,884
Total financial assets	862,821	116,578	979,399	2,690,421	138,884	2,829,305
<i>Interest rate</i>	0% to 1.5%			0% to 1.5%		
Financial Liabilities						
<i>- Within one year</i>						
Trade and other Payables and lease liabilities	-	349,617	349,617	-	250,590	250,590
Total financial liabilities	-	349,617	349,617	-	250,590	250,590
<i>Interest rate</i>						
Net financial assets/liabilities	862,821	(232,859)	629,782	2,690,421	(111,703)	2,578,718

	Movement in Profit US\$	Movement in Equity US\$
Year ended 31 December 2020		
+/-1% in interest rates	8,180	8,180
Year ended 31 December 2019		
+/-1% in interest rates	26,622	26,622

f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available information and its own trading records to rates its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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Notes to the Consolidated Financial Statements (continued)
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NOTE 18: FINANCIAL INSTRUMENTS (Continued)

g) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities based on the actual rates at the reporting date excluding interest payments:

	Interest rate	Less than 6 months US\$	6-12 months US\$	1-2 years US\$	2-5 years US\$	Over 5 years US\$	Total contractual cash flows US\$	Carrying amount US\$
2020								
Trade and other payables and lease liabilities	-	302,542	-	27,268	19,807	-	349,617	47,075
	-	302,542	-	27,268	19,807	-	349,617	47,075
2019								
Trade and other payables	-	250,590	-	-	-	-	250,590	250,590
	-	250,590	-	-	-	-	250,590	250,590

h) Net fair value of financial assets and liabilities

Fair value estimation

Due to the short-term nature of the receivables and payables, the carrying value approximates fair value.

i) Foreign currency risk

The currency risk is that risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities.

are denominated in a currency that is not the Company's function currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar (the functional currency of the subsidiary company), the New Israeli Shekel, the Australian Dollar (functional currency of the parent company). No sensitivity analysis is disclosed as the balances in foreign currency are immaterial.

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Notes to the Consolidated Financial Statements
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NOTE 19: PARENT ENTITY FINANCIAL INFORMATION

The following information of the legal parent AppsVillage Australia Limited has been prepared in accordance with Australian Accounting Standards and the accounting policies as outlined in Note 1.

a) Financial Position of AppsVillage Australia Limited	2020 US\$	2019 US\$
ASSETS		
Current assets	304,429	1,565,200
Non-current assets	-	-
TOTAL ASSETS	304,429	1,565,200
LIABILITIES		
Current liabilities	141,063	96,632
Non-current liabilities	-	-
TOTAL LIABILITIES	163,366	96,632
NET ASSETS	163,366	1,661,832
SHAREHOLDERS' EQUITY		
Issued capital	9,563,646	7,804,186
Reserves	1,225,398	547,766
Accumulated losses	(10,625,678)	(6,690,120)
SHAREHOLDERS' EQUITY	163,366	1,661,832
b) Statement of profit or loss and other comprehensive income		
Loss for the year	(3,935,558)	(6,690,120)
Other comprehensive income	609,142	157,729
Total comprehensive loss	(3,326,416)	(6,532,391)

c) Guarantees entered into by AppsVillage Australia Ltd for the debts of its subsidiary

There are no guarantees entered into by AppsVillage Ltd.

d) Contingent liabilities of AppsVillage Australia Ltd

There were no contingent liabilities as at 31 December 2020 (2019: nil).

e) Commitments by AppsVillage Australia Ltd

There were no commitments as at 31 December 2020 (2019: nil).

NOTE 20: CONTROLLED ENTITIES

The ultimate legal parent entity of the Group is AppsVillage Australia Ltd, incorporated and domiciled in Australia. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1.

Controlled entity	Country of incorporation	Percentage owned	
		2020	2019
<i>Parent entity</i>			
AppsVillage Australia Limited	Australia		
<i>Subsidiaries of AppsVillage Australia Limited</i>			
AppsVillage Ltd	Israel	100%	100%

The proportion of ownership interest is equal to the proportion of voting power held.

AppsVillage Australia Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020

NOTE 21: COMMITMENTS

There are no material commitments at 31 December 2020 (31 December 2019:Nil).

NOTE 22: CONTINGENT LIABILITIES

The Group has no known contingent liabilities as at 31 December 2020 (31 December 2019:Nil).

NOTE 23: EVENTS AFTER THE REPORTING PERIOD

Director's investments

The company has successfully completed the placement for share raising \$155K USD.

Capital Raising

The company has successfully completed a placement of institutional and private investors of \$465K USD (\$600K AUD) before cost.

The company has signed a non-binding term sheet with several investors for raising additional funds in the amount of \$2,113K USD.

On March 12, 2021 Andrew Whitten has resigned as Company's Secretary and David Hwang from the Automic company has been appointed as Company Secretary.

There were no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 24: APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue 31 March 2021.

The directors are unaware of any other significant event or circumstance that has arisen since 31 December 2020 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years other than those disclosed above.

NOTE 25: APPLICATION OF NEW AND REVISED AUSTRALIAN ACCOUNTING STANDARDS

New, revised or amending Accounting Standards and Interpretations issued and adopted

There are no Australian accounting standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2020 which are expected to have a material impact on the Group in future reporting periods.

AppsVillage Australia Limited
Directors' Declaration
For the Year Ended 31 December 2020

In the Director's opinion:

- 1) The consolidated financial statements and notes set out on pages 24 to 52 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements, noting the matters documented in Note 1(a);
 - b) giving a true and fair view, the consolidated entity's financial position as at 31 December 2020 and of its performance for the year ended on that date; and
- 2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3) This declaration has been made after receiving the declaration required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2020.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

A handwritten signature in black ink, appearing to read "Max Bluvband", written over a horizontal line.

Max Bluvband

Chief Executive Officer
Tel Aviv, 31 March 2021

INDEPENDENT AUDITOR'S REPORT

To the members of AppsVillage Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AppsVillage Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group’s ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Share-Based Payments

Key audit matter	How the matter was addressed in our audit
<p>During the financial year ended 31 December 2020, the Group issued equity instruments in the form of shares and options to eligible employees and other consultants, which have been accounted for as share-based payments, as detailed in Note 16 in the financial report.</p> <p>Refer to Notes 1(t) and 1(w) in the financial report for a description of the accounting policy and significant judgements applied to these arrangements.</p> <p>Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of share-based payments. As a result, this is considered a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Reviewing management’s determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation input; • Evaluating the independence, competence and objectivity of the managements’ expert to assess the reasonableness of management’s valuation inputs; • Assessing the allocation of the share-based payment expense over management’s expected vesting period; • Assessing the recognition of share-based payments as a share issue cost; and • Assessing the adequacy of the related disclosures in Note 1(t), Note 1(w) and Note 16 in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 24 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of AppsVillage Australia Limited, for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

The image shows a handwritten signature in black ink. The signature appears to be 'Dean Just' written in a cursive style. Above the signature, the letters 'BDO' are written in a simple, blocky font.

Dean Just

Director

Perth, 31 March 2021

ADDITIONAL ASX INFORMATION

The shareholder information set out below was applicable as 19 March 2021.

As at 19 March 2021 there were 1,144 holders of Ordinary Fully Paid Shares.

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options and deferred securities that the Company currently has on issue. Upon exercise of the options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY (20) LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Full Paid Shares

Holder Name	Holding	% IC
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,442,576	17.13%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	9,132,361	10.13%
SCOPUS VENTURES FUND I LP	2,625,669	2.91%
MR CHENBING LI	2,355,367	2.61%
ARMAND GOLDBERG	2,044,255	2.27%
MR TAMIR ELIEZER KREMENER	1,962,610	2.18%
LEARNICON LLC	1,339,285	1.49%
ILIYA SOFKOV	1,306,964	1.45%
MISS SAMIRA ABDULRAZAK	1,204,777	1.34%
MR ABDULKARIM ABDULRAZAK	1,171,970	1.30%
MR DAN GOTLIEB	1,166,493	1.29%
TRONIQ PTY LTD	1,100,000	1.22%
MR KA LU	1,063,000	1.18%
DR BENJAMIN CHACKO JACOB	1,032,062	1.15%
MR YORAM LEVY & MS RUTHIE LEVY <THE LEVY A/C>	1,026,701	1.14%
ADAM BOYD UPTON & ANNA MARGUERITE COREN	900,000	1.00%
MARTIN SHUSTER	857,812	0.95%
MR PAUL DENNIS GREENBERG	833,333	0.92%
MR JOSEPH YAVIN	797,875	0.89%
MR JOSEPH YAVIN	686,288	0.76%
TOTAL	48,049,398	53.31%
Total issued capital - selected security class(es)	90,130,271	100.00%

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 19 March 2020 are:

Name	No of Shares Held	% of Issued Capital
Investment Administration Services Pty Ltd	11,336,703	14.79%
P.A.C Capital Pty Ltd	10,544,165	13.75%
MR MOSHE COHEN	5,892,353	8.84%

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	28	9,052	0.01%
1,001 - 5,000	208	715,977	0.79%
5,001 - 10,000	244	2,007,413	2.23%
10,001 - 100,000	550	19,629,119	21.78%
100,001 - 9,999,999,999	114	67,768,710	75.19%
Totals	1,144	90,130,271	100.00%

Unmarketable Parcels – 234 Holders with a total of 725,332 shares, based on the last trading price of \$0.09 on 29 March 2021.

RESTRICTED SECURITIES

As at 19 March 2021, the following shares are subject to escrow:

1,014,857	Ordinary Fully Paid Shares escrowed 12 months from date of issue
15,277,548	Ordinary Fully Paid Shares escrowed 24 months from date of issue
2,639,248	Unlisted Options Expiring 5 years from quotation @ NIS0.01 escrowed 24 months from quotation
5,750,000	Unlisted Options Expiring 3 years from date of issue @ \$0.30 escrowed 24 months from quotation
26,250,000	Unlisted Performance Options escrowed 24 months from quotation
2,000,000	Warrants Expiring 30 months from date of issue \$0.30 escrowed 24 months from quotation
410,066	Unlisted Options Expiring 5 years from quotation @ NIS0.01 escrowed 12 months from date of issue

UNQUOTED SECURITIES

As at 19 March 2021, the following unquoted securities are on issue:

Unlisted Options Expiring 5 years from quotation @ NIS0.01 – 4 Holders

Holder with more than 20%

Holder Name	Holding	% IC
MR MAX EITAN BLUVBAND	1,108,457	42%
MR SHAHAR HAJDU & MS RONI HAJDU	1,108,457	42%

Unlisted Options Expiring 3 years from date of issue @ \$0.30 – 19 Holders

Holder with more than 20%

Holder Name	Holding	% IC
GNAT PTY LTD <G & N INVESTMENT A/C>	2,578,500	44.84%

Unlisted Performance Options escrowed 24 months from quotation – 5 Holders

Holder with more than 20%

Holder Name	Holding	% IC
MR MAX EITAN BLUVBAND	9,187,500	35%
MR SHAHAR HAJDU & MS RONI HAJDU	9,187,500	35%

Warrants Expiring 30 months from date of issue \$0.30 – 7 Holders

Holder with more than 20%

Holder Name	Holding	% IC
ARMAND GOLDBERG & HERTZEL ROSENBLUM	600,000	30%
VICTORIA LINDENBAUM	600,000	30%

Unlisted Options Expiring 5 years from quotation @ NIS0.01 escrowed 12 months from date of issue – 4 Holders

Holder with more than 20%

Holder Name	Holding	% IC
NEXTAGE CONSULTING SERVICES (2008) LTD	193,282	47.13%
ILAY RON	114,526	27.93%

ON-MARKET BUY BACK

There is currently no on-market buyback program.

ASX LISTING RULE 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing of the Company's securities to quotation in a way consistent with its business objectives.

CORPORATE GOVERNANCE STATEMENT

The Directors of the Company support the principles of corporate governance. The Company's corporate governance statement is located in the Company's website at <https://appv.co/public/website/corporate.html>.