



# Buddy

**BUDDY TECHNOLOGIES LIMITED**  
**ACN 121 184 316**

## **NOTICE OF ANNUAL GENERAL MEETING**

**For the Annual General Meeting of the Company to be held at Ibis Adelaide,  
122 Grenfell Street, Adelaide SA 5000 on Friday, 29 January 2021 at 3:30pm  
(ACDT)**

*Buddy Technologies Limited (the **Company**) advises Shareholders that the annual general meeting (**Meeting**) will be held in compliance with any restrictions on public gatherings in Australia.*

*Due to the evolving COVID-19 situation, it may not be possible for Shareholders to physically attend the Meeting. As a result, the Company strongly encourages all Shareholders to vote by directed proxy rather than attend the meeting in person. Proxy forms for the meeting should be lodged before 3:30pm (ACDT) on Wednesday, 27 January 2021.*

*Shareholders can also submit, and are encouraged to submit, any questions in advance of the Meeting by emailing the questions to [cosec@buddy.com](mailto:cosec@buddy.com) by no later than 5.00pm (ACDT) on Wednesday, 27 January 2021.*

*If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform and/or on the Company's website at [www.buddy.com](http://www.buddy.com).*

*This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

*A poll will be called on all resolutions being considered at this Meeting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary at [cosec@buddy.com](mailto:cosec@buddy.com).*

---

## CONTENTS

---

Business of the Meeting (setting out the proposed Resolutions)	3
Explanatory Statement (explaining the proposed Resolutions)	13
Glossary	45

---

## IMPORTANT INFORMATION

---

### BUDDY TECHNOLOGIES LIMITED

A C N 1 2 1 1 8 4 3 1 6

---

#### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Buddy Technologies Limited (**Company**) will be held at Ibis Adelaide, 122 Grenfell Street, Adelaide SA 5000 on Friday, 29 January 2021 at 3:30pm (ACDT) (**Meeting**).

The Explanatory Statement provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form comprise part of this Notice. We recommend Shareholders read the Explanatory Statement in relation to the proposed Resolutions.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 27 January 2021 at 3:30pm (ACDT).

Any Shareholder entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend and vote instead of the Shareholder. To be effective, a validly executed Proxy Form must be received by the Company not less than 48 hours prior to commencement of the Meeting in accordance with the instructions detailed in the Explanatory Statement.

Terms and abbreviations used in this Notice and the Explanatory Statement will, unless the context requires otherwise, have the meaning given to them in the Glossary.

---

## BUSINESS OF THE MEETING

---

### AGENDA

---

### FINANCIAL STATEMENTS AND REPORTS

---

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report.

---

#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Statement."*

##### **Voting Exclusion**

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on this Resolution if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

---

#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR RICHARD BORENSTEIN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 14.4, Article 14.2 of the Constitution and for all other purposes, Mr Richard Borenstein, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Statement."*

---

#### 3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR DAVID MCLAUCHLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 14.4, Article 14.2 of the Constitution and for all other purposes, Mr David McLauchlan, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Statement."*

---

#### 4. RESOLUTION 4 – ELECTION OF DIRECTOR – MR ALAN SPARKS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with Listing Rule 14.4, Article 14.2 of the Constitution and for all other purposes, Mr Alan Sparks, who was appointed as a casual vacancy, retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Statement.”*

---

#### 5. RESOLUTION 5 – RATIFICATION OF PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 200,000,000 Shares under Listing Rule 7.1 on the terms and conditions in the Explanatory Statement.”*

##### **Voting Exclusion**

The Company disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

#### 6. RESOLUTION 6 – APPROVAL OF ISSUE OF SHARES TO MR RICHARD BORENSTEIN UNDER THE EMPLOYEE INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with Section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 20,000,000 Shares to Mr Richard Borenstein (and/or his nominee(s)) under the Employee Incentive Plan on the terms and conditions in the Explanatory Statement.”*

##### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Director who is eligible to participate in the Employee Incentive Plan or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

---

## 7. RESOLUTION 7 – APPROVAL OF ISSUE OF SHARES TO MS ROSEMARY BATT UNDER THE EMPLOYEE INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with Section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 10,000,000 Shares to Ms Rosemary Batt (and/or her nominee(s)) under the Employee Incentive Plan on the terms and conditions in the Explanatory Statement.”*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Director who is eligible to participate in the Employee Incentive Plan or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or

- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

---

## 8. RESOLUTION 8 – APPROVAL OF ISSUE OF SHARES TO MR JOHN VAN RUTH UNDER THE EMPLOYEE INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with Section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 10,000,000 Shares to Mr John Van Ruth (and/or his nominee(s)) under the Employee Incentive Plan on the terms and conditions in the Explanatory Statement.”*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Director who is eligible to participate in the Employee Incentive Plan or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

---

#### 9. RESOLUTION 9 – ADOPTION OF NEW CONSTITUTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, pursuant to and in accordance with section 136 of the Corporations Act and for all other purposes, the Company adopt the New Constitution tabled at the Meeting on the terms and conditions in the Explanatory Statement."*

---

#### 10. RESOLUTION 10 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."*

##### **Voting Exclusion**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person (and/or their nominee(s)) who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any associates of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:



- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

*Note: As at the date of this Notice, it is not known who may participate in any Equity Securities issued under Resolution 10 and the Company has not approached any Shareholder or identified a class of existing Shareholders to participate in any issue of Equity Securities under the 10% Placement Facility. Accordingly, no Shareholders are excluded from voting on Resolution 10.*

---

**11. RESOLUTION 11 – APPROVE BUY-BACK OF PERFORMANCE SHARES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, pursuant to and in accordance with section 257D of the Corporations Act and for all other purposes, Shareholders approve the buy-back by the Company of 12,000,000 Performance Shares from Mr Marc Alexander on the terms and conditions in the Explanatory Statement.”*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Mr Marc Alexander; or
- (b) an associate of Mr Marc Alexander.

The Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**12. RESOLUTION 12 – APPOINTMENT OF AUDITOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with section 327B of the Corporations Act and for all other purposes, RSM Australia Partners, having been nominated by a Shareholder and having consented in writing to act as the Company's auditor, be appointed as the Company's auditor from the close of the Meeting on the terms and conditions in the Explanatory Memorandum.”*

---

**13. RESOLUTION 13 – RATIFICATION OF FURTHER PLACEMENT SHARES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 270,833,334 Shares under Listing Rules 7.1 and 7.A each at an issue price of A\$0.048 (**Further Placement**) on the terms and conditions in the Explanatory Statement.”*

**Voting Exclusion**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who

participated in the Further Placement or any associate of that person.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

**14. RESOLUTION 14 – APPROVAL FOR DIRECTOR PARTICIPATION IN FURTHER PLACEMENT – MS ROSEMARY BATT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with Listing Rule 10.11, Section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue by the Company of 1,666,667 Shares each at an issue price of A\$0.048 to Ms Rosemary Batt (and/or her nominee(s)) on the terms and conditions in the Explanatory Statement.”*

**Voting Exclusion**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Ms Rosemary Batt (and/or her nominee(s)) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associates of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

**15. RESOLUTION 15 – APPROVAL FOR DIRECTOR PARTICIPATION IN FURTHER PLACEMENT – MR RICHARD BORENSTEIN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with Listing Rule 10.11, Section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue by the Company of 1,000,000 Shares each at an issue price of A\$0.048 to Mr Richard Borenstein (and/or his nominee(s)) on the terms and conditions in the Explanatory Statement.”*

**Voting Exclusion**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Richard Borenstein (and/or his nominee(s)) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associates of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

**16. RESOLUTION 16 – APPROVAL FOR DIRECTOR PARTICIPATION IN FURTHER PLACEMENT – MR DAVID MCLAUCHLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with Listing Rule 10.11, Section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue by the Company of 1,000,000 Shares each at an issue price of A\$0.048 to Mr David McLauchlan (and/or his nominee(s)) on the terms and conditions in the Explanatory Statement.”*

**Voting Exclusion**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr David McLauchlan (and/or his nominee(s)) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associates of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

**17. RESOLUTION 17 – SECTION 195 APPROVAL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with subsection 195(4) of the Corporations Act and for all other purposes, Shareholders approve the transactions contemplated in Resolutions 6 to 8 (inclusive) and Resolutions 14 to 16 (inclusive)."*

---

**18. RESOLUTION 18 – APPROVAL TO ISSUE WARRANTS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.1, Listing Rule 6.23.2 and for all other purposes, approval is given for the issue and allotment of 50,000,000 warrants to Partners for Growth VI, LP (PFG) (and/or its nominees) and the issue of Shares on conversion of those warrants on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of PFG (and/or its nominees) or an associate of PFG.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

**Dated: 30 December 2020**

**BY ORDER OF THE BOARD**



**Ms Vicky Allinson**  
**Company Secretary**

---

## EXPLANATORY STATEMENT

---

### 1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Ibis Adelaide, 122 Grenfell Street, Adelaide SA 5000 on Friday, 29 January 2021 at 3:30pm (ACDT).

This Explanatory Statement forms part of the Notice which should be read in its entirety. This Explanatory Statement contains the terms and conditions on which the Resolutions will be voted.

A Proxy Form is located at the end of this Explanatory Statement.

---

### 2. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice including this Explanatory Statement carefully before deciding how to vote on the Resolutions.

#### 2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person. Subject to the Australian government's restrictions on public gatherings, all Shareholders are invited and encouraged to participate in the Meeting (see details below) or, if they are unable to attend, sign and return the Proxy Form to the Company in accordance with the instructions on the Proxy Form.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 3:30pm (ACDT) on Wednesday, 27 January 2021, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

#### 2.2 Attendance at the Meeting

The Company advises Shareholders that the Meeting will be held in compliance with any government's restrictions on public gatherings in Australia.

Due to the evolving COVID-19 situation, the Company strongly encourages all Shareholders to vote by directed proxy rather than attend the meeting in person.

The Company has made arrangements for Shareholders who wish to participate in the Meeting.

If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, Shareholders will be updated via the ASX Market Announcements Platform and on the Company's website at [www.buddy.com](http://www.buddy.com).

### **2.3 Voting Prohibition by Proxy holders (Remuneration Report)**

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A vote on Resolution 1 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on Resolution 1; or
- (b) the person is the chair and the appointment of the chair as proxy does not specify the way the proxy is to vote on Resolution 1, but expressly authorises the Chair to exercise the proxy even if Resolution 1 is connected with the remuneration of a member of the Key Management Personnel.

### **2.4 Voting Prohibition by Proxy holders (Remuneration of Key Management Personnel)**

A vote on Resolutions 6, 7 and 8 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on Resolutions 6, 7 and 8, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

---

### 3. FINANCIAL STATEMENTS AND REPORTS

In accordance with section 317(1) of the Corporations Act, the Annual Report for the financial year ended 30 June 2020 must be laid before the Meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at [www.buddy.com](http://www.buddy.com);
- (a) ask questions about, or comment on, the management of the Company; and
- (b) ask the Auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Auditor about:

- (a) the preparation and contents of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so.

---

### 4. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 4.1 General

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out:

- (a) the Company's remuneration policy; and
- (b) the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Pursuant to the Corporations Act, Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive AGMs.

If a resolution on the Remuneration Report receives a Strike at two consecutive AGMs, the Company will be required to put to Shareholders at the second AGM, a resolution on whether another meeting



should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2019 annual general meeting. Please note, if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2021 annual general meeting, this may result in the re-election of the Board.

The Chair will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 1.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

---

## **5. RESOLUTIONS 2 AND 3 – RE-ELECTION OF MR RICHARD BORENSTEIN AND MR DAVID MCLAUCHLAN AS DIRECTORS**

### **5.1 General**

Listing Rule 14.4 states that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

Article 14.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) a Director who retires by rotation under clause 14.2 of the Constitution is eligible for re-election; and
- (d) in determining the number of Directors to retire, no account is to be taken of:
  - (i) a Director who only holds office until the next annual general meeting pursuant to clause 14.4 of the Constitution; and/or
  - (ii) a managing director,each of whom are exempt from retirement by rotation.

Pursuant to Resolutions 2 and 3, Messrs Richard Borenstein and David McLauchlan, retire by rotation and seek re-election as Directors.

If Resolution 2 is passed, Mr Borenstein will be able to continue to act as a Director. If Resolution 3 is passed, Mr McLauchlan will be able to continue to act as a Director.

If Resolution 3 is not passed, Mr McLauchlan will cease to act as a Director but will continue to be employed by the Company as Chief Executive Officer.

If Resolution 2 is not passed, Mr Borenstein will cease to act as a Director and, if Mr David McLauchlan is also not re-elected as a Director, the Company will have less than three Directors on the Board and will be in breach of the Corporations Act. If Resolution 3 is not passed, Mr McLauchlan will cease to act as a Director and, if Mr Richard Borenstein is also not re-elected as a Director, the Company will have less than three Directors on the Board and will be in breach of the Corporations Act.

Details of the qualifications and experience of Messrs Borenstein and McLauchlan are in the Annual Report.

Resolutions 2 and 3 are ordinary resolutions.

The Chair intends to exercise all available proxies in favour of Resolutions 2 and 3.

## **5.2 Directors' Recommendation**

The Directors (excluding Mr Borenstein) support the re-election of Mr Borenstein and recommend that Shareholders vote in favour of Resolution 2.

The Directors (excluding Mr McLauchlan) support the re-election of Mr McLauchlan and recommend that Shareholders vote in favour of Resolution 3.

---

## **6. RESOLUTION 4 – ELECTION OF DIRECTOR – MR ALAN SPARKS**

### **6.1 General**

Listing In accordance with Listing Rule 14.4, a director appointed as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Article 14.4 of the Constitution allows the Directors to appoint a person as an addition to the Board at any time, providing that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office until the next general meeting of members of the Company and is eligible for re-election at that meeting.

Mr Alan Sparks was appointed as an addition to the Board on 15 December 2020. Resolution 4 provides that he retires from office and seeks re-election as a Director.

Details of Mr Spark's background and experience are set out below.

Mr Sparks is an accomplished senior executive with over 40 years' experience in distribution, retail and technology with a proven track record of growing businesses and improving their efficiency. Mr Sparks is a member of the South African Institute of Chartered Accountants and a graduate of the Australia Institute of Company Directors.

Mr Sparks has 20 years of leadership experience in APAC, ANZ and Africa, leading growth of businesses across these markets for global brands.

Mr Sparks' career includes being CEO of Cellnet Group Ltd (ASX:CLT), Vice President of Belkin Asia Pacific based in Hong Kong, President for APAC of Carrier Corporation AsiaPac and Senior Vice President of Philips Consumer Electronics – APAC, based in Singapore.

Resolution 4 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 4.

## **6.2 Directors' Recommendation**

The Board (excluding Mr Sparks) supports the election of Mr Sparks and recommends that shareholders vote in favour of Resolution 4.

---

## **7. RESOLUTION 5 – RATIFICATION OF PLACEMENT**

### **7.1 General**

On 2 June 2020, the Company issued 200,000,000 Shares at an issue price of \$0.01 per Share (**Placement Shares**) pursuant to a placement to sophisticated and professional investors (**Placement**). Please refer to the Company's announcement of 28 May 2020 for further details regarding the Placement.

The Placement Shares were issued utilising the Company's 10% share issue capacity under ASX Listing Rule 7.1A.

Resolution 5 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 5.

### **7.2 Listing Rules 7.1A and 7.4**

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% annual placement capacity under Listing Rule 7.1.

The Company obtained the requisite Shareholder approval under Listing Rule 7.1A at its 2019 annual general meeting.

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1A (and provided that the previous issue did not breach Listing Rule 7.1A) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1A. The Company confirms that the issue of the Placement Shares did not breach Listing Rule 7.1A.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1A. To this end, Resolution 5 seeks Shareholder approval for the issue of the Placement Shares, under and for the purposes of Listing Rule 7.4.

If Resolution 5 is passed, the Placement Shares will be excluded in calculating the Company's 10% limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 5 is not passed, the Placement Shares will be included in calculating the Company's 10% limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

### 7.3 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, the following information is provided:

- (a) the Placement Shares were issued to sophisticated and professional investors identified by the Company and its broker, Bell Potter Securities. None of the recipients were related parties, key management personnel, or an adviser of the Company (noting that FIL Limited was the only substantial shareholder of the Company that participated in the Placement). All of the recipients were existing Shareholders that had been identified through a bookbuild process which involved the Company and Bell Potter Securities seeking expressions of interest from certain key stakeholders to participate in the capital raising;
- (b) 200,000,000 Shares were issued using the Company's 10% Placement Capacity under Listing Rule 7.1A;
- (c) the Placement Shares are fully paid ordinary share and rank equally in all respects with the Company's existing Shares;
- (d) the Placement Shares were issued on 3 June 2020;
- (e) the Placement Shares were issued at a price of \$0.01 per Share;
- (f) the purpose of the issue of the Placement Shares was to raise \$2 million (before costs) to provide bridging finance to the Company for working capital, operating expenses and growth initiatives;
- (g) the Placement Shares were issued pursuant to short form subscription agreements pursuant to which investors subscribed for Shares at a price of \$0.01 per Share; and
- (h) a voting exclusion statement is included in the Notice for Resolution 5.

### 7.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5.

---

## 8. RESOLUTIONS 6 TO 8 – APPROVE THE ISSUE OF SHARES TO DIRECTORS UNDER EMPLOYEE INCENTIVE PLAN

### 8.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue an aggregate of 40,000,000 Shares to the non-executive directors, including the Chair pursuant to the Company's employee incentive plan approved by Shareholders on 25 March 2019 and adopted by the Board on 1 May 2019 (**Employee Incentive Plan**).

Mr Borenstein, Ms Batt and Mr van Ruth have each not received any compensation for acting as a Director of the Company since December 2018. The proposed issue of these Shares to each of Mr Borenstein, Ms Batt and Mr van Ruth in lieu is to provide non-cash remuneration for their services provided from January 2019 to date, and to be provided up to and including December 2021.

Resolutions 6 to 8 (inclusive) seek Shareholder approval pursuant to Listing Rule 10.14 and section 208 of the Corporations Act for the issue of up to an aggregate of 40,000,000 Shares (**Director Shares**) under the Employee Incentive Plan to the Directors in the table above (and/or their respective nominee(s)) (**Relevant Directors**) as follows:

Resolution	Relevant Director	Number of Director Shares
Resolution 6	Richard Borenstein	20,000,000
Resolution 7	Rosemary Batt	10,000,000
Resolution 8	John van Ruth	10,000,000

In accordance with Listing Rule 10.14, Shareholder approval is required for the issue of Equity Securities to a Director or any associate of a Director under an employee incentive scheme.

Resolutions 6 to 8 (inclusive) are ordinary resolutions.

The Chair intends to exercise all available proxies in favour of Resolutions 6 to 8 (inclusive).

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolutions 6 to 8, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though Resolutions 6 to 8 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## 8.2 Section 208 of the Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Borenstein, Ms Batt and Mr van Ruth are Directors are related parties of the Company. The issue of the Director Shares to each of Mr Borenstein, Ms Batt and Mr van Ruth (and/or their respective nominees) constitutes the giving of a financial benefit to related parties of the Company.

## 8.3 Listing Rule 10.14

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- (a) a director of the entity;
- (b) an associate of a director of the entity; or
- (c) a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The proposed issue of Director Shares requires approval by shareholders under Listing Rule 10.14 as the recipients are Directors of the Company.

If Resolution 6 is passed, the Company will be able to proceed with the proposed issue of the Director Shares to the Mr Borenstein. If Resolution 6 is not passed, the Company will not be able to proceed with the proposed issue of the Director Shares and may need to consider other methods (such as cash payments) to remunerate and incentivise Mr Borenstein.

If Resolution 7 is passed, the Company will be able to proceed with the proposed issue of the Director Shares to the Ms Batt. If Resolution 7 is not passed, the Company will not be able to proceed with the

proposed issue of the Director Shares and may need to consider other methods (such as cash payments) to remunerate and incentivise Ms Batt.

If Resolution 8 is passed, the Company will be able to proceed with the proposed issue of the Director Shares to the Mr van Ruth. If Resolution 8 is not passed, the Company will not be able to proceed with the proposed issue of the Director Shares and may need to consider other methods (such as cash payments) to remunerate and incentivise Mr van Ruth.

Pursuant to Listing Rule 7.2 exception 14, as Shareholder approval is being sought under Listing Rule 10.14, Shareholder approval under Listing Rule 7.1 is not required for the issue of the Director Shares.

#### 8.4 Specific information required by Listing Rule 10.15 and section 219 of the Corporations Act

In accordance with Listing Rule 10.15 and section 219 of the Corporations Act, the following information is provided:

- (a) Mr Richard Borenstein, Ms Rosemary Batt and Mr van Ruth (and/or their nominee(s)) are the proposed recipients of the Director Shares;
- (b) Mr Borenstein, Ms Batt and Mr van Ruth are all Directors of the Company and therefore related parties of the Company and fall under Listing Rule 10.14.1;
- (c) the maximum number of Director Shares to be issued to each Relevant Director and the indicative value of these shares (based on the Company's closing share price on 10 December 2020) are as follows:

Relevant Director	Number of Director Shares	Value
Richard Borenstein	20,000,000	\$860,000
Rosemary Batt	10,000,000	\$430,000
John van Ruth	10,000,000	\$430,000

- (d) the Relevant Directors' interests in securities of the Company are as follows:

Relevant Director	Shares	Performance Shares	Options
Richard Borenstein	25,408,668	3,333,333	854
Rosemary Batt	-	-	-
John van Ruth	1,278,146	833,333	-

- (e) securities have previously been issued to the Relevant Directors under the Employee Incentive Plan as follows:

Relevant Director	Securities
Richard Borenstein	None
Rosemary Batt	None

John van Ruth	None
---------------	------

- (f) the Director Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (g) the current total remuneration package of each of the Relevant Directors for the year ended 30 June 2020 are as follows:

Relevant Director	Short Term Benefits	Superannuation	Share Based Payments	Total
Richard Borenstein	\$0	\$0	\$0	\$0
Rosemary Batt	\$0	\$0	\$0	\$0
John van Ruth	\$0	\$0	\$0	\$0

- (h) the Director Shares will be issued to each Relevant Directors as follows (subject to continued appointment as a Director of the Company):

Relevant Director	After the Meeting	Each month thereafter to January 2022
Richard Borenstein	12,777,777	555,555
Rosemary Batt	6,388,888	277,777
John van Ruth	6,388,888	277,777

- (i) the Director Shares will not be issued later than 3 years after the date of the Meeting;
- (j) the Director Shares are being issued pursuant to the Employee Incentive Plan, a summary of the material terms of which is provided in Schedule 2 to this Notice;
- (k) no funds will be raised from the issue of Director Shares as they are being issued for nil consideration but as consideration for the services provided and to be provided by the Relevant Directors;
- (l) the Company notes that:
- (i) details of any securities issued under the Employee Incentive Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
  - (ii) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Employee Incentive Plan after the resolution is approved and who were not named in the Notice will not participate until approval is obtained under Listing Rule 10.14.
- (m) historical quoted price information for the Company's listed securities for the last twelve months is as follows:

Shares	Price	Date
Highest	\$0.094	31 August 2020
Lowest	\$0.007	27 March 2020
Last	\$0.051	29 December 2020

- (n) the issue of Director Shares the subject of Resolutions 6 to 8 (inclusive) will result in a dilution of all Shareholders' holding in the Company of:
- (i) approximately 1.39% based on the issued Shares as at the date of this Notice; and
  - (ii) approximately 1.29% on a fully diluted basis;
- (o) voting exclusion statements are included in the Notice for Resolutions 6 to 8 (inclusive); and
- (p) other than the information above and otherwise set out in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 6 to 8.

## 8.5 Directors' Recommendation

Mr David McLauchlan recommends that Shareholders vote in favour of Resolutions 6, 7 and 8. Mr Borenstein, Ms Batt and Mr van Ruth decline to make a recommendation on Resolutions 6, 7 and 8 as they have a material personal interest in these Resolutions and do not consider it appropriate that they make a recommendation.

---

## 9. RESOLUTION 9 – ADOPTION OF NEW CONSTITUTION

### 9.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 9 seeks Shareholder approval to enable the Company to repeal its existing Constitution and adopt a new constitution (**New Constitution**) to ensure it reflects the current provisions of the Corporations Act and the Listing Rules, including the proportional takeover provisions pursuant to section 648G of the Corporations Act and changes to the Listing Rules which took effect on 1 December 2019 in relation to the issue of restricted securities pursuant to transactions to which Listing Rules 10.1 or 11.1.3 apply.

The Directors are of the view that it is preferable in the circumstances to replace the existing Constitution with the New Constitution rather than to amend specific provisions.

A copy of the New Constitution will be sent to any Shareholder on request and will also be available on the Company's website at [www.buddy.com](http://www.buddy.com) and for inspection at the office of the Company during normal business hours prior to the Meeting and available for inspection at the Meeting.

The New Constitution will be effective from the close of the Meeting.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).



The Chair intends to exercise all available proxies in favour of Resolution 9.

## **9.2 Summary of proposed New Constitution**

In summary, the New Constitution includes provisions to the following effect:

### **(a) Shares**

The issue of Shares and Options by the Company is under the control of the Directors, subject to the Corporations Act, Listing Rules and any rights attached to any special class of Shares.

### **(b) Preference Shares**

The Corporations Act requires certain rights of preference shares to be either set out in the Constitution or approved in general meeting by special resolution before preference shares are issued.

The New Constitution sets out a framework of rights for preference share issues from which the Board can determine to issue preference shares, without the need to obtain further Shareholder approval every time an allotment of preference shares is proposed.

### **(c) Reductions of Capital**

The New Constitution is consistent with the Corporations Act requirements which must be satisfied by the Company in undertaking an alteration of capital.

### **(d) Liens**

If the Company issues partly paid Shares and a call made on those shares is unpaid, the Company will have a lien over the shares on which the call is unpaid. The lien may be enforced by a sale of those shares.

### **(e) Transfer of Shares**

The Company may participate in any clearing and settlement facility provided under the Corporations Act, the Listing Rules and the ASX Settlement Rules. These transfers may be effected electronically in the Clearing House Electronic Sub register System (CHES). For the purposes of the Company's participation in the CHES, the Company may issue holding statements in lieu of share certificates. The Company will not charge any fee for registering a transfer of shares. The Directors may refuse to register a transfer of shares in the circumstances permitted or required under the Corporations Act and Listing Rules.

### **(f) Proportional Takeovers**

A proportional takeover bid is one in which the offer or offers only to buy a specified proportion of each Shareholders' shares.

The New Constitution provides for Shareholder approval of any proportional takeover bid for the shares. The provisions require the Directors to refuse to register any transfer of shares made in acceptance of a proportional takeover offer until the requisite Shareholder approval has been obtained.

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company

and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. As such, this provision in the New Constitution is proposed as it allows Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assists in ensuring that any partial bid is appropriately priced.

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (i) proportional takeover bids may be discouraged;
- (ii) lost opportunity to sell a portion of their Shares at a premium; and
- (iii) the likelihood of a proportional takeover bid succeeding may be reduced.

(g) **Alterations of share capital**

Shares may be converted or cancelled with Shareholder approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act and the Listing Rules.

(h) **Buy Backs**

The Company may buy back shares in itself on terms and at such times determined by the Directors.

(i) **Disposal of less than a Marketable Parcel**

For the sake of avoiding excessive administration costs, the New Constitution contains provisions enabling the Company to procure the disposal of Shares where the Shareholder holds less than a marketable parcel of shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than \$500). To invoke this procedure, the Directors must first give notice to the relevant Shareholder holding less than a marketable parcel of shares, who may then elect not to have its shares sold by notifying the Directors.

(j) **Variation of class rights**

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

(k) **Meetings of Shareholders**

Directors may call a meeting of Shareholders whenever they think fit. Shareholders may call a meeting as provided by the Corporations Act. The New Constitution contains provisions prescribing the content requirements of notices of meetings of Shareholders and all Shareholders are entitled to a notice of meeting. Consistent with the new Corporations Act provisions, a meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of Shareholders is 2 eligible voters.

The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

(l) **Voting of Shareholders**

Resolutions of Shareholders 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. On a poll each eligible Shareholder has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(m) **Proxies**

An eligible Shareholder may appoint a proxy to attend and vote at the meeting on the Shareholder's behalf. The New Constitution contains provisions specifying the manner of lodgement of proxy instruments. A Shareholder may appoint an individual or corporation to act as its representative.

(n) **Directors**

Unless changed by the Company in general meeting, the minimum number of directors is 3 and there is no maximum number of directors. The existing directors and the Company may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for election as director). No Director other than the Managing Director may hold office for longer than 3 years without submitting himself or herself for re-election.

(o) **Powers of Directors**

The business of the Company is to be managed by or under the direction of the Directors.

(p) **Remuneration of Directors**

The Company may pay non-executive Directors a maximum of the total amount as determined by the Shareholders in general meeting and such sum must not be paid by way of commission on, or percentage of, profits or operating revenue.

The remuneration of executive Directors will be subject to the provisions of any contract between each of them and the Company and may be by way of commission on, or percentage of, profits of the Company, but will not be by way of commission on, or percentage of, operating revenue.

(q) **Execution of documents**

The New Constitution provides for execution of documents by the Company without the use of the Company's company seal.

(r) **Dividends**

The Directors may fix the amount, the time for payment and the method of payment of a dividend. Subject to any special rights attaching to shares (such as preference shares), dividends will be paid proportionately. The Company is not required to pay any interest on dividends.

(s) **Indemnities and insurance**

To the extent permitted by law, the Company indemnifies every person who is or has been a Director or Secretary of the Company against a liability incurred by that person in his or her capacity as a Director or Secretary provided that the liability does not arise out of conduct involving a lack of good faith (otherwise referred to as an excluded liability). A similar indemnity is provided in respect of legal proceedings. The Company may also pay the premiums on directors' and officers' liability insurance.

**9.3 Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 9.

---

**10. RESOLUTION 10 – APPROVAL OF 10% PLACEMENT CAPACITY**

**10.1 General**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting. The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.

If Resolution 10 is passed, the effect will be that the Company will be able to issue Equity Securities under the 10% Placement Facility in addition to the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 10 is not passed, the effect will be that the Company will not be able to issue any Equity Securities under the 10% Placement Facility and will have to rely upon its 15% placement capacity under Listing Rule 7.1 for the issue of Equity Securities.

Resolution 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chair intends to exercise all available proxies in favour of Resolution 10.

## 10.2 Listing Rule 7.1A

### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the company.

The Company, as at the date of the Notice, has on issue one quoted class of Equity Securities, being Shares.

### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities that have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

**(A x D) – E**

**A** is the number of shares on issue 12 months before the date of issue or agreement:

(i) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2 (other than exception 9, 16 or 17),

(ii) plus the number of fully paid ordinary securities issued in the 12 months on the conversion of convertible securities within rule 7.2 (exception 9) where:

(A) the convertible securities were issued or agreed to be issued before the commencement of the 12 months; or

(B) the issue of, or agreement to issue, the convertible securities was approved, or taken under these Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4,

(iii) plus the number of fully paid ordinary securities in the 12 months under an agreement to issue securities within Listing Rule 7.2 (exception 16) where:

(A) the agreement was entered into before the commencement of the relevant period; or

(B) the agreement or issue was approved or taken under these rules to have been approved under Listing Rule 7.1 or Listing Rule 7.4,

(iv) plus the number of any other fully paid ordinary securities issued in the 12 months with approval under Listing Rule 7.1 or Listing Rule 7.4 (noting that this may include fully paid ordinary securities issued in the

12 months under an agreement to issue securities within Listing Rule 7.2 (exception 17) where the issue is subsequently approved under Listing Rule 7.1),

- (v) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (vi) less the number of fully paid ordinary securities cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months where the issue or agreement to issue has not been subsequently approved by Shareholders under Listing Rule 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of the Notice, the Company has on issue 2,884,745,447 Shares and therefore has a capacity to issue:

- (i) 432,711,817 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 10, 288,474,545 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 10.2(c)).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

(i) Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (A) The date that is 12 months after the date of the annual general meeting at which the approval is obtained.

- (B) The time and date of the entity's next annual general meeting.
- (C) The time and date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the 10% Placement Period).

### 10.3 Effect of Resolution

The effect of Resolution 8 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

### 10.4 Specific Information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, the following information is provided:

- (a) Shareholder approval will be valid during the 10% Placement Period as detailed in Section 10.21.1(f).
- (b) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) If Resolution 10 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.
- (d) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.
- (e) The table also shows:
  - (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific

placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.023 50% decrease in Issue Price	\$0.046 Issue Price	\$0.092 100% increase in Issue Price
<b>Current Variable A (2,884,745,447 Shares)</b>	<b>10% Voting Dilution</b>	288,474,545	288,474,545	288,474,545
	<b>Funds raised</b>	\$6,634,915	\$13,269,829	\$26,539,658
<b>50% increase in current Variable A (4,327,118,170 Shares)</b>	<b>10% Voting Dilution</b>	432,711,817	432,711,817	432,711,817
	<b>Funds raised</b>	\$9,952,372	\$19,904,744	\$39,809,487
<b>100% increase in current Variable A (5,769,490,894 Shares)</b>	<b>10% Voting Dilution</b>	576,949,089	576,949,089	576,949,089
	<b>Funds raised</b>	\$13,269,829	\$26,539,658	\$53,079,316

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Performance Rights or Options are exercised or converted into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that



those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

- (vii) The issue price is \$0.046, being the closing price of the Shares on ASX on 22 December 2020. The Company will only issue the Equity Securities during the 10% Placement Period.
- (f) The Company may seek to issue the Equity Securities for cash consideration for the expansion of its existing business and general working capital.
- (g) The Company will only issue the Listing Rule 7.1A Shares during the 10% Placement Period. The approval under Resolution 10 will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature of scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (h) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.3 upon issue of any Equity Securities.
- (i) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (j) The subscribers under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company and are likely to be sophisticated and professional investors.
- (k) In the 12 months preceding the date of the Meeting, the Company has issued 200,000,000 Equity Securities pursuant to Listing Rule 7.1A.2 which represents 7.69% of the total number of Equity Securities on issue as at the date of this Notice and the Equity Securities issued represents approximately 9.32% of the total number of Equity Securities on issue 12 months before the issue of these Equity Securities (on a pre-consolidation basis). The Equity Securities issued in the preceding 12 months under Listing Rule 7.1A.2 are detailed in Schedule 1 (noting that FIL Limited was the only substantial shareholder of the Company was issued securities under Listing Rule 7.1A in the preceding 12 months).
- (l) A voting exclusion statement is included in the Notice for Resolution 10. However as at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on this Resolution.

## **10.5 Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 10.

---

## **11. RESOLUTION 11 – APPROVAL OF BUY-BACK OF PERFORMANCE SHARES**

### **11.1 General**

On 1 April 2019, the Company issued 12,000,000 Performance Shares to Mr Marc Alexander as part of his remuneration as an executive of LIFX.

The Performance Shares have not yet vested and are subject to the following vesting conditions:

- (a) 4,000,000 will vest upon LIFX business contributing a cumulative A\$100 million to the Buddy Group in revenues within 18 months from the completion of the merger pursuant to the merger agreement entered into between LIFX and Buddy Apollo, Inc amongst others on 5 February 2019 (Completion);
- (b) 4,000,000 will vest upon LIFX business contributing a cumulative A\$200 million in revenues to the Buddy Group within 30 months from Completion; and
- (c) 4,000,000 will vest upon LIFX business contributing a cumulative A\$250 million in revenues to the Buddy Group within 36 months from Completion.

The full terms of the Performance Shares issued to Mr Alexander are outlined in Schedule 3. Pursuant to Mr Alexander's terms of employment with the Company, Mr Alexander has agreed that the Performance Shares will lapse if Mr Alexander ceases employment with the Company. Mr Alexander has ceased to be an employee of the Company.

In accordance with section 257D of the Corporations Act, the Company seeks Shareholder approval to allow the Company flexibility to conduct a selective buy-back.

Resolution 11 seeks approval for the Company to buy back a total of 12,000,000 Performance Shares from Mr Alexander as he has ceased employment with the Company.

Resolution 11 therefore seeks approval of Shareholders to buy-back the Performance Shares issued to Mr Alexander in the 3 month period following the Meeting.

If Resolution 11 is passed, Shareholder approval for the Buy-Back under section 257D of the Corporations Act will remain current for 3 months after the Meeting.

If Resolution 11 is not passed, the Performance Shares will not be cancelled.

Resolution 11 is a special resolution.

### **11.2 Corporations Act requirements for a buy-back**

A listed company may buy-back its own shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures in Division 2 of Part 2J.1 of the Corporations Act.

As there is no net cash outflow from the Company as a result of the proposed selective buy-back, there will be no prejudice to the Company's ability to pay its creditors.

In accordance with section 257D of the Corporations Act, the terms of the buy-back agreement must be approved by special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person whose shares are proposed to be bought back or by their associates, or a resolution agreed to, at a general meeting, by all ordinary shareholders.

Resolution 11 is a special resolution and therefore requires at least 75% of votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or in the case of a corporate shareholder, by a corporate representative) to approve the Resolution.

### **11.3 Terms of the buy-back and buy-back agreement**

The Company intends to, in the 3 month period following the Meeting, enter into a buy-back agreement with Mr Alexander (**Buy-Back Agreement**).

The terms of the Buy-Back Agreement are conditional on Shareholder approval of Resolution 11. Subject to and after Shareholder approval of Resolution 11, the Company intends to enter into and execute the Buy-Back Agreement for the relevant Performance Shares with Mr Alexander.

The terms of the Buy-Back Agreement will provide that the Company will buy-back all of the Performance Shares (which have not yet vested) for nil consideration. As a result of the proposed buy-back, there will be no net cash outflow from the Company and no cash proceeds will be paid to Mr Alexander.

Immediately after the registration of the transfer to the Company of the Performance Shares, the Performance Shares will be cancelled in accordance with the buy-back procedure under section 257H of the Corporations Act.

The Company will announce to ASX when the Performance Shares are cancelled and when the Company has completed the buy-back.

### **11.4 Financial effect of the buy-back**

As at the date of this Notice there are 2,884,745,447 Shares and 43,833,333 Performance Shares (12,000,000 of the Performance Shares are issued pursuant to the acquisition of LIFX), which have not yet vested, on issue.

Shareholder approval is being sought pursuant to Resolution 11 to allow the Company to buy-back the 12,000,000 Performance Shares issued to Mr Alexander, over the 3 month period following the Meeting.

The proposed buy-back of 12,000,000 Performance Shares will have no effect on the Company's cash reserves as there is no cash consideration payable by the Company.

If the Company buys-back 12,000,000 Performance Shares in the 3 month period following the Meeting and assuming the Company does not issue any new Shares in the 3 month period following the Meeting, the number of Shares on issue in the Company's issued capital will remain the same and the number of Performance Shares will reduce to 31,833,333 Performance Shares on issue.

The Directors are of the view that buy-back of the Performance Shares will not materially prejudice the Company's ability to pay its creditors because the buy-back does not require the Company to pay cash which otherwise would reduce its cash reserves.

On completion of the buy-back, the contributed equity of the Company will remain unchanged as no amounts were received from Mr Alexander at the time of the grant of the Performance Shares

### **11.5 Effect of buy-back on capital structure**

The Company has 2,884,745,447 Shares and 43,833,333 Performance Shares on issue. The Performance Shares to be bought back represent approximately 0% of the Company's issued share capital, as the Performance Shares have not yet vested. If the buy-back is completed, the Company will have 31,833,333 Performance Shares on issue. Accordingly, the buy-backs will not have an effect on the control of the Company.

## 11.6 Advantages and disadvantages of the buy-back

The advantage of the buy-backs is that the buy-back will have no effect on the cash reserves of the Company and will not impact in any way on the Company's ability to pay its creditors, the buy-back will not have an effect on the control of the Company and the buy-back will assist in achieving a more efficient capital structure for the Company.

There are no known disadvantages for the Company or its Shareholders (other than Mr Alexander) of the proposed buy-backs.

## 11.7 Current market price

To provide an indication of the recent market price of the Company's Shares, the closing price on 10 December 2020 was \$0.043. The highest and lowest market sale prices for the Company's Shares on the ASX during the previous 3 months were as follows:

Shares	Price	Date
Highest	\$0.094	31 August 2020
Lowest	\$0.007	27 March 2020
Last	\$0.051	29 December 2020

## 11.8 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 11 to approve the buy-back because they believe the advantages of the buy-back outweigh the disadvantages.

The Chair intends to vote undirected proxies in favour of this Resolution 11.

---

## 12. RESOLUTION 12 – APPOINTMENT OF AUDITOR

### 12.1 General

On 26 February 2020, the Company announced that Nexia Perth Audit Services Pty Ltd (**Nexia Perth**) resigned as auditor of the Company, due to the death of Mr TJ Spooner and following receipt of consent in respect to the resignation from ASIC.

In accordance with section 327C of the Corporations Act, the Board appointed RSM Australia Partners as the Company's auditor effective 26 February 2020.

Pursuant to section 357C(2) of the Corporations Act, an auditor appointed under clause 327C(1) of the Corporations Act shall hold office until the entity's next annual general meeting at which time shareholders must appoint an auditor.

Accordingly, in accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for RSM Australia Partners to be appointed as the Company's auditors. A copy of this nomination is attached to this Notice.

RSM Australia Partners have given its written consent to act as the Company's auditors, subject to Shareholder approval.

If Resolution 12 is passed, the appointment of RSM Australia Partners as the Company's auditors will take effect from the close of the Meeting.

Resolution 12 is an ordinary resolution.

The Chair intends to vote undirected proxies in favour of Resolution 12.

## **12.2 Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 12.

---

## **13. RESOLUTION 13 – RATIFICATION OF FURTHER PLACEMENT SHARES**

### **13.1 General**

On 18 November 2020, the Company issued 267,166,667 Shares at an issue price of \$0.048 per Share (**Further Placement Shares**) pursuant to a placement to sophisticated and professional investors (**Further Placement**). Please refer to the Company's announcement of 11 November 2020 for further details regarding the Placement.

The Further Placement Shares were issued utilising the Company's 15% share issue capacity under ASX Listing Rule 7.1.

Resolution 13 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 13.

### **13.2 Listing Rules 7.1 and 7.4**

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue securities during any 12 month period that is greater than 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company at a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provide that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1. The Company confirms that the issue of Shares under the Further Placement did not breach Listing Rule 7.1.

If Resolution 13 is passed, the Further Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 13 is not passed, the Further Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

### **13.3 Specific information required by Listing Rule 7.5**

In accordance with Listing Rule 7.5, the following information is provided:

- (a) The Further Placement Shares were issued to sophisticated and professional investors identified by the Company and its broker, Bell Potter Securities. None of the recipients were related parties, key management personnel, or an adviser of the Company (noting that FIL Limited was the only substantial shareholder of the Company that participated in the Further Placement);
- (b) 267,166,667 Shares were issued using the Company's 15% Placement Capacity under Listing Rule 7.1;

- (c) The Further Placement Shares are fully paid ordinary share and rank equally in all respects with the Company's existing Shares;
- (d) 216,937,501 Shares were issued on 17 November 2020 and 55,229,166 Shares were issued on 18 November 2020;
- (e) the Further Placement Shares were issued at a price of \$0.048 per Share;
- (f) the purpose of the issue of the Further Placement Shares was to raise \$13 million (before costs) to provide the business with additional working capital, to retire some of the outstanding vendor debt, and to provide immediately available capital to fund additional manufacturing of LIFX smart lights for the holiday period;
- (g) the Further Placement Shares were issued pursuant to short form subscription agreements pursuant to which investors subscribed for Shares at a price of \$0.048 per Share; and
- (h) a voting exclusion statement is included in the Notice for Resolution 13.

#### **13.4 Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 13.

---

### **14. RESOLUTIONS 14 TO 16 (INCLUSIVE) – APPROVAL FOR DIRECTORS' PARTICIPATION IN FURTHER PLACEMENT**

#### **14.1 General**

Resolution 14 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of 1,666,667 Further Placement Shares at an issue price of A\$0.048 each to Ms Rosemary Batt and/or her nominee(s).

Resolution 15 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of 1,000,000 Further Placement Shares at an issue price of A\$0.048 each to Mr Richard Borenstein and/or his nominee(s).

Resolution 16 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of 1,000,000 Further Placement Shares at an issue price of A\$0.048 each to Mr David McLauchlan and/or his nominee(s).

Refer to Section 13.1 for details of the Further Placement.

Resolutions 14 to 16 (inclusive) are ordinary resolutions.

The Chair intends to exercise all available proxies in favour of Resolutions 14 to 16 (inclusive).

#### **14.2 Section 208 of the Corporations Act**

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval, unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Ms Rosemary Batt, Mr Richard Borenstein and Mr David McLauchlan, as Directors of the Company are related parties of the Company for the purposes of section 208 of the Corporations Act. The issue of Further Placement Shares to each of Ms Rosemary Batt, Mr Richard Borenstein and Mr David McLauchlan (and/or their respective nominees) constitutes the giving of a financial benefit for the

purposes of section 208 of the Corporations Act and the Board has determined that the Company will seek Shareholder approval for the purposes of section 208 of the Corporations Act.

#### **14.3 Listing Rule 10.11**

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval.

Ms Rosemary Batt, Mr Richard Borenstein and Mr David McLauchlan are related parties of the Company under Listing Rule 10.11.1 as they are Directors.

If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1. Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolutions 14 to 16 (inclusive) will be to allow the Company to issue up to 1,666,667 Further Placement Shares to Ms Batt (and/or her nominee(s)), 1,000,000 Further Placement Shares to Mr Borenstein (and/or his nominee(s)) and 1,000,000 Further Placement Shares to Mr McLauchlan (and/or his nominee(s)), without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 14 is not passed, the Company will not issue the Further Placement Shares to Ms Rosemary Batt (and/or her nominees).

If Resolution 15 is not passed, the Company will not issue the Further Placement Shares to Mr Richard Borenstein (and/or his nominees).

If Resolution 16 is not passed, the Company will not issue the Further Placement Shares to Mr David McLauchlan (and/or his nominees).

#### **14.4 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act**

In accordance with Listing Rule 10.13, the following information is provided:

- (a) up to 1,666,667 Further Placement Shares will be issued to Ms Rosemary Batt, up to 1,000,000 Further Placement Shares will be issued to Mr Richard Borenstein and up to 1,000,000 Further Placement Shares will be issued to Mr David McLauchlan and/or their respective nominee(s);
- (b) Ms Batt, Mr Borenstein and Mr McLauchlan are Directors and therefore are related parties of the Company under Listing Rule 10.11.1;
- (c) the maximum number of Further Placement Shares to be issued to each of Ms Batt, Mr Borenstein and Mr McLauchlan and the indicative value of these shares (based on the Company's share price on 10 December 2020) are as follows:

Director	Number of Further Placement Shares	Value
Rosemary Batt	1,666,667	\$71,667
Richard Borenstein	1,000,000	\$43,000
David McLauchlan	1,000,000	\$43,000

- (d) The Directors, with respect to Resolutions 14 to 16 (inclusive) relating to the approval for the issue of Further Placement Shares to the Directors (in respect of which Ms Batt, Mr Borenstein and Mr McLauchlan make no recommendation), are unanimously in favour of

the grant of the Further Placement Shares under Resolutions 14 to 16 (inclusive). As at the date of this Notice, the Ms Batt, Mr Borenstein and Mr McLauchlan's interests in securities of the Company are as follows:

Director	Shares	Performance Shares	Options
Rosemary Batt	-	-	-
Richard Borenstein	25,408,668	3,333,333	854
David McLauchlan	135,851,820	22,166,667	-

- (e) the Further Placement Shares to be issued to Ms Batt, Mr Borenstein, and Mr McLauchlan, and/or their respective nominee(s), are fully paid ordinary shares and rank equally in all respects with the Company's existing shares on issue;
- (f) the current total remuneration package of each of Ms Batt, Mr Borenstein and Mr McLauchlan for the year ended 30 June 2020 is as follows:

Director	Short Term Benefits	Superannuation	Share Based Payments	Total
Rosemary Batt	\$0	\$0	\$0	\$0
Richard Borenstein	\$0	\$0	\$0	\$0
David McLauchlan	\$324,922	\$0	\$0	\$324,922

- (g) the Company will issue the Further Placement Shares to Ms Batt, Mr Borenstein and Mr McLauchlan, and/or their respective nominee(s), no later than 1 month after the date of the Meeting;
- (h) the Further Placement Shares to be issued to Ms Batt, Mr Borenstein, and Mr McLauchlan, and/or their respective nominee(s), will each be allotted at an issue price of A\$0.048 per Further Placement Share, being the same issue price as the Further Placement Shares offered under the Further Placement;
- (i) proceeds of \$176,000 from the issue of the Further Placement Shares to Ms Batt, Mr Borenstein and Mr McLauchlan will be used to provide the business with additional working capital, to retire some of the outstanding vendor debt, and to provide immediately available capital to fund additional manufacturing of LIFX smart lights for the holiday period;
- (j) the issue of the Further Placement Shares to Ms Batt, Mr Borenstein and Mr McLauchlan and/or their respective nominee(s) is not intended to remunerate or incentivise Ms Batt, Mr Borenstein and Mr McLauchlan;
- (k) historical quoted price information for the Company's listed securities for the last twelve months is as follows:



Shares	Price	Date
Highest	\$0.094	31 August 2020
Lowest	\$0.007	27 March 2020
Last	\$0.051	29 December 2020

- (l) the issue of Further Placement Shares the subject of Resolutions 14 to 16 (inclusive) will result in a dilution of all Shareholders' holding in the Company of:
- (i) approximately 0.13% based on the issued Shares as at the date of this Notice; and
  - (ii) approximately 0.12% on a fully diluted basis;
- (m) the Further Placement Shares to be issued to Ms Batt, Mr Borenstein and Mr McLauchlan and/or their respective nominee(s) will not be issued under an agreement;
- (n) voting exclusion statements are included in the Notice for Resolutions 14 to 16 (inclusive); and
- (o) other than the information above and otherwise set out in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 14 to 16 (inclusive).

#### **14.5 Directors' Recommendation**

Mr John van Ruth recommends that Shareholders vote in favour of Resolutions 14, 15 and 16. Ms Rosemary Batt, Mr Richard Borenstein and Mr David McLauchlan decline to make a recommendation on Resolutions 14, 15 and 16 as they have a material personal interest in these Resolutions and do not consider it appropriate that they make a recommendation.

---

### **15. RESOLUTION 17 – SECTION 195 APPROVAL**

#### **15.1 General**

In accordance with section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

Mr Borenstein, Ms Batt and Mr van Ruth may have a material personal interest in the outcome of Resolutions 6, 7 and 8.

Ms Batt, Mr Borenstein and Mr McLauchlan may have a material personal interest in the outcome of Resolutions 14, 15 and 16.

In the absence of this Resolution 17, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 6 to 8 (inclusive) and Resolutions 14 to 16 (inclusive).

The Directors accordingly exercise their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

Resolution 17 is an ordinary resolution.

---

## **16. RESOLUTION 18 – APPROVAL TO ISSUE WARRANTS**

### **16.1 General**

On 21 October 2020, the Company announced that it had entered into a binding term sheet with Partners for Growth VI, L.P. (**PFG**) pursuant to which PFG has agreed to provide a loan facility of up to US\$20 million to the Company (**Loan Facility**), subject to the completion of customary due diligence and the finalisation of definitive documentation (refer to the ASX announcement dated 21 October 2020 for further details). The parties are presently in advanced stages of completing formal documentation and the Company will provide shareholders with further updates by way of ASX announcements.

As part of the Loan Facility, the Company has agreed to issue to PFG (and/or its nominees) 50,000,000 warrants on the terms and conditions detailed in Schedule 4 (**Warrants**).

Resolution 18 seeks approval for the Company to issue 50,000,000 Warrants to PFG (and/or its nominees).

Resolution 18 is an ordinary resolution.

The Chair intends to vote undirected proxies in favour of Resolution 18.

### **16.2 Listing Rule 7.1**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 18 will be to allow the Directors to issue the Warrants on the terms and conditions detailed in Schedule 4, during the period of 3 months after the Meeting (or such longer period of time as ASX may in its discretion allow), without using the Company's 15% placement capacity. In addition to the approval under Listing Rule 7.1, the Company is also seeking Shareholder approval pursuant to Listing Rule 6.23.2, as the terms of the Warrants contain certain provisions which, on the occurrence of certain circumstances, constitute a cancellation for consideration (refer to Section 16.3 for further details). Any cancellation or repurchase of the Warrants will be on the terms and conditions detailed in Schedule 4.

If Resolution 18 is not passed, the Company will not be able to issue 50,000,000 warrants to PFG and instead will be liable to pay an additional commitment fee of A\$3 million to PFG under the proposed terms of the Loan Facility.

### **16.3 Listing Rule 6.23.2**

Listing Rule 6.23.2 provides (amongst other things) that a change which has the effect of cancelling an option for consideration cannot be made without the approval of shareholders. The Warrants are options for the purpose of the Listing Rules.

The Company is also seeking Shareholder approval pursuant to Listing Rule 6.23.2 as the Warrants contain certain terms that could, upon the occurrence of certain events detailed in Schedule 4, constitute a cancellation of the Warrants for consideration, thereby triggering the requirements under Listing Rule 6.23.2. For clarity, Resolution 18 also seeks a pre-emptive Shareholder approval pursuant to Listing Rule 6.23.2.

The terms of the Warrants provide that (amongst other matters):

- (a) upon the occurrence of an Acquisition Event, provided the holder has not exercised its rights in paragraph (b), the acquirer may, at its election, purchase all the Warrants for a value to be calculated based on a Black & Scholes methodology; or
- (b) if an Acquisition Event occurs, the Company suffers an insolvency event or on the expiry date of the Warrants, PFG shall have the right (but not the obligation) to have the Warrants repurchased by the Company for an aggregate amount of A\$3,000,000 (subject to any adjustments for Warrants already exercised),

(each an **Acquisition Amount**). Refer to Schedule 4 for further details.

If Resolution 18 is passed, and the events detailed in Schedule 4 occur, the Company will be able to pay the Acquisition Amount on the terms and conditions detailed in Schedule 4. If Resolution 18 is not passed, the Company will not be able to issue 50,000,000 warrants to PFG and instead will be liable to pay an additional commitment fee of A\$3 million to PFG under the proposed terms of the Loan Facility.

#### **16.4 Specific information required by Listing Rule 7.3**

In accordance with Listing Rule 7.3, information is provided in relation to the Warrants as follows:

- (a) The maximum number of warrants to be issued to PFG (and/or its nominees) is 50,000,000.
- (b) The Warrants will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Warrants will have an exercise price of the lower of A\$0.078 and a 15% premium to the 5 day volume weighted average price of Shares prior to the date of transaction close and an expiry date 5 years from the date of issue.
- (d) The Warrants will have the terms and conditions in Schedule 4.
- (e) A consideration of approximately A\$1,180 will be paid by PFG (and/or its nominees) for the issue of the Warrants.
- (f) The issue of the Warrants will occur on or around 1 February 2021;
- (g) The Warrants will be issued under a warrant agreement which will contain the key terms and conditions detailed in Schedule 4 and certain customary representations and warranties; and
- (h) A voting exclusion statement is included in the Notice for Resolution 18.

#### **16.5 Director Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 18.

---

## GLOSSARY

---

**\$** means Australian dollars.

**10% Placement Facility** has the meaning given to that term in Section 7.2.

**10% Placement Period** has the meaning given to that term in Section 10.2.

**ACST** means Australian Central Standard Time, being the time in Adelaide, South Australia.

**Meeting** means the annual general meeting convened by the Notice.

**Acquisition Event** means any of the following:

- (a) any person or entity (**Bidder**), together with any associates (as that term is defined in section 12 of the Corporations Act) of that Bidder, acquires a relevant interest (as that term is defined in the Corporations Act) in more than 50% of the Shares of the Company, provided that if the Bidder has acquired the relevant interest under a takeover bid under Chapter 6 of the Corporations Act that is subject to defeating conditions, no Acquisition will occur until all of the defeating conditions are fulfilled or the takeover bid has been declared free of the defeating conditions by the Bidder;
- (b) there is a change in control of the Company, being, with respect to the Company:
  - (i) a person that does not control the Company commences to control the Company;
  - (ii) a trade sale under which a person proposes to acquire:
    - (A) all or a majority of the capital shares of the Company; or
    - (B) the whole or a substantial part of the business of the Company or the Group; or
    - (C) all or substantially all of the assets of the Company or the Group; or
  - (iii) an initial public offering of shares and the admission of those shares to the official list of the ASX or any other securities exchange.
- (c) a meeting of shareholders of the Company is convened to approve a scheme of arrangement (pursuant to Part 5.1 of the Corporations Act) under which the Company may become a subsidiary or under the control of another company; or
- (d) the Company enters into an agreement to sell or dispose of all or substantially all of the Company's assets or undertaking.

**Annual Report** means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2020.

**Articles** means the articles of the Constitution.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**Auditor's Report** means the Auditor's report on the Financial Report.

**Board** means the current board of directors of the Company.

**Buddy Group** means the Company and its subsidiaries.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Buy-Back Agreement** has the meaning given in Section 11.3.

**Chair** means the chair of the Meeting.

**Closely Related Party** means in relation to a member of a Key Management Personnel:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** or **Buddy** means Buddy Technologies Limited (ACN 121 184 316).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean the current directors of the Company.

**Directors' Report** means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

**Director Shares** has the meaning given in Section 8.1.

**Employee Incentive Plan** has the meaning given in Section 8.1.

**Equity Security** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Further Placement** has the meaning given in Section 13.1.

**Further Placement Shares** has the meaning given in Section 13.1.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**LIFX** means Lifi Labs, Inc.

**Listing Rules** means the Listing Rules of ASX.

**New Constitution** has the meaning given in Section 9.1.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Placement** has the meaning given in Section 7.1.

**Placement Shares** has the meaning given in Section 7.1.

**Performance Rights** means a performance right convertible into a Share.

**Performance Shares** means a performance share convertible into a Share.

**Proxy Form** means the proxy form accompanying the Notice.

**Relevant Director** has the meaning given in Section 8.1.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolutions** means the resolutions set out in the Notice or any one of them, as the context requires.

**Section** means a section of this Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Strike** means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

**Warrants** has the meaning given in Section 16.1.

---

**SCHEDULE 1 – INFORMATION REQUIRED BY LISTING RULE 7.3A.6**

---

No.	Date of issue	Number of securities issued or agreed to be issued	Percentage of total number of securities on issue <sup>(1)</sup>	Class	Persons to whom the securities were issued and on what basis <sup>(2)</sup>	Issue price <sup>(3)</sup>	Consideration, current value and use of funds as at the date of this Notice <sup>(4)</sup>
1.	2 June 2020	200,000,000	7.7%	Fully paid ordinary Shares	The Shares were issued to sophisticated and professional investors (noting that FIL Limited was the only substantial shareholder of the Company was issued securities under Listing Rule 7.1A in the preceding 12 months)	\$0.01	Consideration received: \$2,000,000 Amount spent: \$2,000,000 Use of funds: Working capital

**Note:** If the Company has agreed before the 12 month period preceding the date of the meeting to issue any equity securities under LR7.1A.2 but as at the date of the meeting not yet issued those equity securities, a statement giving all material details of that agreement and an explanation why the equity securities have not yet been issued.

(1) The percentage that the issue represented of the total number of equity securities on issue at the commencement of that 12 month period.

(2) The names of the persons to whom the entity issued or agreed to issue the equity securities or the basis on which those persons were identified or selected.

(3) The price at which the equity securities were issued or agreed to be issued and the discount (if any) that the issue price represented to the closing market price on the date of the issue or agreement.

(4) The total cash consideration received or to be received by the entity, the amount of that cash that has been spent, what it was spent on and what is the intended use for the remaining amount of that cash (if any).

---

## SCHEDULE 2 – TERMS AND CONDITIONS OF EMPLOYEE INCENTIVE PLAN

---

The terms of the Employee Incentive Plan (**Plan**) are summarised below. A copy of the Plan can be obtained by contacting the Company. Terms not defined in the Notice have the meaning given in the Plan.

### Eligible Employees

- 1 The eligible participants under the Plan are directors and employees who are declared by the Board in its sole and absolute discretion to be eligible to receive grants of Shares, Options or Performance Rights under the Plan; or any other person who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Shares, Options or Performance Rights under the Plan. For the purposes of the Plan, "Eligible Employee" means an employee, director or other consultant or contractor of the Company or any of its subsidiaries. In accordance with the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Plan and be granted Shares, Options or Performance Rights.

### Limits on Entitlement

- 2 The Company must not make an Offer for Shares, Options or Performance Rights under the Plan if, immediately afterwards, the sum of:
  - 2.1 the total number of unissued Shares which may be acquired pursuant to the Offer (for avoidance of doubt, including pursuant to Options or Performance Rights which may be applied for as part of the Offer);
  - 2.2 the total number of unissued Shares over which Options have been granted or Performance Rights issued during the preceding three years under this Plan and any other Group employee incentive scheme; and
  - 2.3 the total number of Shares (not being Shares under the Plan) issued during the preceding three years under this Plan and any other Group employee incentive scheme,would exceed 10% of the total number of Shares on issue at the time of the proposed issue.
- 3 The maximum allocation and allocated pool may be increased by Board resolution, provided such an increase complies with the Listing Rules.

### Individual Limits

- 4 The Plan does not set out a maximum number of Shares that may be made issuable to any one person or company.

### Offer and Conditions

- 5 An offer to an Eligible Employee to apply for the grant of Shares, Options or Performance Rights under the Plan (**Offer**) must be set out in an Offer Letter delivered to the Eligible Employee and specify:
  - 5.1 the number of Shares, Options or Performance Rights;
  - 5.2 the conditions on the Offer (**Offer Conditions**);
  - 5.3 the grant date;
  - 5.4 the fee (if any);



- 5.5 the performance criteria (if any);
- 5.6 the vesting conditions (if any);
- 5.7 the exercise price (if any);
- 5.8 the exercise period (if applicable);
- 5.9 the performance period (if applicable);
- 5.10 the expiry date and term (if applicable);
- 5.11 the forfeiture conditions (if any);
- 5.12 any restrictions attaching to the Shares or Shares issued following the exercise of an Option or the satisfaction of performance criteria of a Performance Right together with the restriction period; and
- 5.13 the terms of any employee loan to be made by the Company to the employee in accordance with this Plan to fund the purchase of Shares offered (if applicable).

#### **Consideration Payable**

- 6 Shares, Options and Performance Rights will be issued for nil consideration. The exercise price (if any) and expiry date for an Option will be specified in the Offer.
- 7 Under the Plan, the Board has the discretion to allow an Option holder to set-off the exercise price of Options against the number of Shares that the Option holder is entitled to receive upon exercise of the Options, allowing the Option holder to receive Shares equal in value to the difference between the exercise price of the options and the market value of the Shares (**Cashless Exercise**).

#### **Option Terms:**

- 8 The Board will determine any performance criteria or vesting conditions attaching to an Option.
- 9 Each vested Option will entitle the holder to one Share on payment of the exercise price (if any).
- 10 A Participant who holds Options is not entitled to notice of, or to vote or attend at a meeting of Shareholders, receive any dividends declared by the Company, or participate in any new issue of securities offered to Shareholders during the term of the Options, unless and until the Options are exercised and the Participant holds Shares under the Plan.
- 11 Options will only vest and be exercisable if any applicable performance criteria or vesting conditions have been satisfied, are deemed satisfied under the Plan rules, or are waived by the Board.
- 12 Options granted under the Plan may not be assigned, transferred or encumbered, or otherwise disposed of by a participant, unless the prior consent of the Board is obtained (and the Board may impose such conditions as it sees fit) or the assignment or transfer occurs by force of law upon the death of a participant to their legal personal representative.
- 13 If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of satisfaction of dividends or by way of dividend reinvestment), the exercise price of the Option will be reduced according to the formula in Listing Rule 6.22.2.

- 14 If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment), the number of securities over which the Option is exercisable will be adjusted in accordance with Listing Rule 6.22.3.
- 15 If there is any reorganisation of the issued share capital of the Company, the rights of the Participant who holds Options will be varied to comply with the Listing Rules that apply to the reorganisation at the time.
- 16 The Board will not seek official quotation of Options, but must use all reasonable endeavours to obtain the grant of quotation of Shares issued on exercise of Options.

**Performance Right Terms:**

- 17 The Board may offer Performance Rights to an Eligible Employee at its sole discretion.
- 18 A Performance Right confers an entitlement to be provided with one Share upon satisfaction of specified performance criteria.
- 19 A participant who holds Performance Rights is not entitled to notice of, or to vote or attend at a meeting of Shareholders, or receive any dividends declared by the Company, unless and until the Performance Rights are satisfied and the participant holds Shares under the Plan.
- 20 Unless otherwise determined by the Board, Performance Rights cannot be transferred to or vest in any person other than the participant.
- 21 If there is any reorganisation of the issued share capital of the Company, the rights of the Participant who holds Performance Rights will be varied to comply with the Listing Rules that apply to the reorganisation at the time.
- 22 The Board will not seek official quotation of Performance Rights, but must use all reasonable endeavours to obtain the grant of quotation of Shares issued on exercise of Performance Rights.

**Lapse of Options and Performance Rights**

- 23 Subject to the Board's discretion, Options and Performance Rights shall automatically be cancelled for no consideration where:
- 23.1 the Participant ceases to hold employment or office (except where provided for under the Good Leaver and Bad Leaver provisions, as described in section entitled "Good Leaver" below);
- 23.2 the Options or Performance Rights are forfeited under the terms of the Offer or, in the reasonable opinion of the Board, the participant acts fraudulently or dishonestly, or wilfully breaches his or her duties to the Company;
- 23.3 the applicable performance criteria or vesting conditions are not achieved by the relevant time;
- 23.4 the Board determines, in its reasonable opinion, that the applicable performance criteria or vesting conditions have not been met and cannot be met within the relevant time;
- 23.5 in the case of Options, the expiry date has passed;
- 23.6 in the case of Performance Rights, the Board determines that the participant has not satisfied the performance criteria;

- 23.7 the Board determines that the participant has brought the company into disrepute;
- 23.8 the participant surrenders the Performance Rights or Options; and
- 23.9 the Offer letter provides for the cancellation of the Performance Rights or Options in any other circumstances.

#### **Share Terms**

- 24 Shares issued under the Plan will be subject to Offer Conditions and will remain restricted securities until the Offer Conditions have been satisfied. If the participant ceases to be an Eligible Employee prior to satisfaction of the Offer Conditions, the Company has the right to buy-back the Shares. The Company may also buy-back the Shares where the participant has acted fraudulently or dishonestly or the Board determines that any Offer Conditions have not been met by the Expiry Date.

#### **Employee Loan**

- 25 the Board may, in its absolute discretion, offer to a participant a limited recourse, interest free loan to be made by the Company to the participant for an amount equal to the Issue Price for the Shares offered to the participant pursuant to the relevant Offer.

#### **Good Leaver**

- 26 Where a participant who holds employee incentives becomes a Good Leaver all vested employee incentives which have not been exercised will continue in force and remain exercisable for 90 days after the date the participant becomes a Good Leaver, unless the Board determines otherwise in its sole and absolute discretion, after which the employee incentives will lapse. A Good Leaver is a person who is not a Bad Leaver. A Bad Leaver includes a person who is dismissed from office for serious or persistent breach of their terms of employment, a director who has become disqualified, or a person who has committed some other fraudulent, dishonest or negligent act.

#### **Assignment**

- 27 Employee incentives may not be sold, transferred, assigned or novated except with the prior approval of the Board. Upon death or total and permanent disablement of the participant, the Board may permit the sale or transfer of any Shares acquired under the Plan.

#### **Change of Control**

- 28 All granted Performance Rights which have not yet vested or lapsed will automatically and immediately vest, and a participant may exercise any or all of their Options, regardless of whether the vesting conditions have been satisfied (provided that no Option will be capable of exercise later than the expiry date), if any of the following change of control events occur:
  - 28.1 the Company announces that its shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, or any reconstruction, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement;
  - 28.2 a Takeover Bid:
    - 28.2.1 is announced;
    - 28.2.2 has become unconditional; and

- 28.2.3 the person making the Takeover Bid has a Relevant Interest in 50% or more of the issued Shares; or
- 28.3 any person acquires a Relevant Interest in 50.1% or more of the issued Shares by any other means.

**Termination, Suspension or Amendment**

- 29 The Board may terminate, suspend or amend the Plan at any time subject to any resolution of the Company required by the Listing Rules.

**Employee Share Trust**

- 30 The Board may use an employee share trust for the purposes of holding shares for participants under the Plan.

**Disposal Restrictions on Shares**

- 31 The Board may impose disposal restrictions on Shares issued under the Plan or acquired following the vesting of Performance Rights or exercise of Options as a condition of any Offer. The Board may place a holding lock or similar arrangements on the Shares to give effect to the restrictions.

**Capital Reconstructions**

- 32 Subject to applicable laws, the number of employee incentives and Shares held by a Participant may be determined by the Board in its sole and absolute discretion to be such number is appropriate so that the participant does not suffer any material detriment following a variation in the share capital of the Company.

**Buy-back**

- 33 The Company may buy-back Shares issued under the Plan in certain circumstances in accordance with the rules of the Plan.

---

## SCHEDULE 3 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

---

### 1 General

- 1.1 **(Share capital)** Each Performance Share is a Share in the capital of the Company.
- 1.2 **(General meetings)** Each Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the Company's shareholders. A Holder has the right to attend general meetings of the Company.
- 1.3 **(No voting rights)** A Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.
- 1.4 **(No dividend rights)** A Performance Share does not entitle the Holder to any dividends.
- 1.5 **(No rights on winding up)** A Performance Share has no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.
- 1.6 **(Transfer of Performance Shares)** The Performance Shares are not transferable.
- 1.7 **(Reorganisation of Capital)** In the event that the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- 1.8 **(Quotation)** The Performance Shares will not be quoted on ASX.
- 1.9 **(No participation in entitlements and bonus issues)** Subject always to the rights under item 1.7 (Reorganisation of Capital), Holders will not be entitled to participate in new issues of capital offered to Shareholders such as bonus issues and entitlement issues.
- 1.10 **(Amendments required by ASX)** The terms of the Performance Shares may be amended as considered necessary by the board of directors of the Company in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- 1.11 **(No other rights)** A Performance Share does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

### 2 Milestones

The Performance Shares will convert upon satisfaction of any one of the following milestones before the applicable Expiry Date:

- 2.1 4,000,000 performance shares that will vest upon LIFX business contributing a cumulative A\$100 million to the Buddy Group in revenues within 18 months from Completion (**Class A Performance Share**);

- 2.2 4,000,000 performance shares that will vest upon LIFX business contributing a cumulative A\$200 million in revenues to the Buddy Group within 30 months from Completion (**Class B Performance Share**); and
- 2.3 4,000,000 performance shares that will vest upon LIFX business contributing a cumulative A\$250 million in revenues to the Buddy Group within 36 months from Completion (**Class C Performance Share**),
- (each referred to as a **Milestone**).

### 3 Change in Control Event

- 3.1 All Performance Shares on issue shall automatically convert into Shares up to a maximum number that is equal to 10% of the Company's issued capital (as at the date of any of the following events) upon the occurrence of either of the following events:
- 3.1.1 the Company announces that its Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement;
- 3.1.2 a Takeover Bid:
- (a) is announced;
- (b) has become unconditional; and
- (c) the person making the Takeover Bid has a relevant interest in 50% or more of the Shares; or
- 3.1.3 any person acquires a relevant interest in 50.1% or more of the Shares by any
- 3.2 The Company must ensure the allocation of Shares issued under item 3.1 is on a pro rata basis to all Holders in respect of their respective holdings of Performance Shares and all remaining Performance Shares held by each Holder will automatically consolidate into one Performance Share and will then convert into one Share.

### 4 Expiry Dates

The expiry dates for the Performance Shares are as follows:

- 4.1 **Class A Performance Shares:** the Milestone must be achieved on or before 5.00pm (ACDT) on the date which is 18 months after the date on which Completion Occurs; and
- 4.2 **Class B Performance Shares:** the Milestone must be achieved on or before 5.00pm (ACDT) on the date which is 30 months after the date on which Completion Occurs;
- 4.3 **Class C Performance Shares:** the Milestone must be achieved on or before 5.00pm (ACDT) on the date which is 36 months after the date on which Completion Occurs;
- (each referred to as an **Expiry Date**).
- 4.4 To the extent that any Performance Shares have not converted into Shares by the applicable Expiry Date, such Performance Shares will automatically lapse.

## **5 Conversion of Performance Shares**

Any conversion of Performance Shares into Shares is on a one for one basis.

## **6 Takeover Provisions**

- 6.1 If the conversion of Performance Shares (or part thereof) under item 2 or 3 would result in any person being in contravention of section 606(1) of the Corporations Act, then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1). Following a deferment under this item 6.1, the Company shall at all times be required to convert that number of Performance Shares that would not result in a contravention of section 606(1).
- 6.2 Where paragraph item 6.1 applies, if requested to do so by the affected Holder, the Company must seek to obtain the approval of its shareholders under section 611, item 7 of the Corporations Act for the conversion of the affected Performance Shares at the Company's next annual general meeting.
- 6.3 A Holder must promptly notify the Company in writing if they consider that the conversion of Performance Shares (or part thereof) under item 2 or 3 may result in the contravention of section 606(1), failing which the Company is entitled to assume that such conversion will not result in any person being in contravention of section 606(1) (unless it is on notice to the contrary through a substantial holder notice which has been lodged in relation to the Company).
- 6.4 The Company may (but is not obliged to) by written notice request that a Holder confirm to the Company in writing within 7 days if they consider that the conversion of Performance Shares under item 2 or 3 may result in the contravention of section 606(1). If the Holder does not confirm to the Company within 7 days that they consider such conversion may result in the contravention of section 606(1), then the Company is entitled to assume that such conversion will not result in any person being in contravention of section 606(1) (unless it is on notice to the contrary through a substantial holder notice which has been lodged in relation to the Company).

## **7 Quotation**

If the Company is listed on the ASX at the time, upon conversion of the Performance Shares into Shares in accordance with these terms, the Company must within 7 days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion.

## **8 Conversion procedure**

The Company will procure that the Holder is issued with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into Shares.

## **9 Ranking of Shares**

The Shares into which the Performance Shares will convert will rank *pari passu* in all respects with the Shares on issue at the date of conversion.

---

## SCHEDULE 4 – KEY TERMS AND CONDITIONS OF WARRANTS

---

The key terms and conditions of the warrants (**Warrants**) are as follows:

**1 Entitlement**

Each Warrants entitles the holder (**Holder**) to subscribe for one Shares upon exercise, subject to the adjustments detailed below.

**2 Exercise Price and Expiry Date**

The exercise price of the Warrants is the lower of:

- (a) A\$0.078; and
- (b) 15% premium to the 5 day volume weighted average price (**VWAP**) of Shares prior to date of transaction close,

**(Exercise Price).**

Each Warrant will expire on the date that is 5 years from the date of issue (**Expiry Date**).

**3 Exercise Period**

Each Warrant is exercisable at any time prior to the Expiry Date (**Exercise Period**).

**4 Notice of Exercise**

The Warrants may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the applicable Exercise Price for each Warrant being exercised.

**5 Cashless Exercise**

If at any date prior to the Expiry Date, the Relevant Value exceeds the Exercise Price, the Holder may effect a cashless exercise of the Warrants by providing notice in writing to the Company (**Notice of Exchange**). Upon an exchange, Holder shall receive Shares such that, without the payment of any funds, Holder shall surrender such number of Warrants equal to "Y"(as defined below, with such number of Warrants to be cancelled by the Company) in exchange for the number of Shares equal to "X" (as defined below), computed as at the Exchange Date using the following formula:

$$X = \frac{Y * (A-B)}{A}$$

Where

X= the number of Shares to be issued to Holder;

Y= the number of Warrants to be exchanged;

A= the Relevant Value at the Exchange Date;

B= the Exercise Price (as adjusted to the date of such calculations);

\* = multiplied by; and



Relevant Value = As at any date, the highest price per Share as traded on the ASX in the 90 days prior to that date.

The Company shall not be required to issue fractions of Shares upon an exchange of the Warrants. If any fraction of a Share would be issuable upon the exchange of the Warrants (or any portion thereof), the Company will round the fraction up or down to the nearest whole number, with entitlements to less than half a Share rounded down

## **6 Automatic Conversion**

In the event that, on the Expiry Date, if the VWAP for a Share in the 5 trading days prior to the exercise of the Warrant is greater than the Exercise Price in effect on such date, provided the Holder has not exercised its rights in Section 11, the Warrant shall automatically be deemed on the date following the end of the Put Option Exercise Period to be exercised pursuant to Section 5 (i.e. a cashless exercise).

## **7 Shares Issued on Exercise**

Shares issued on exercise of the Warrants rank equally with the then Shares of the Company and are free of all encumbrances, liens and third party interests.

## **8 Quotation of Shares**

The Company will apply to ASX for official quotation of the Shares issued upon the exercise of the Warrants.

## **9 Timing of Issue of Shares and Quotation of Shares on Exercise**

Upon the date of delivery of the duly completed and executed form of Notice of Exercise or Notice of Exchange, payment of the Exercise Price (for an exercise) or conversion of the Warrants through cashless exercise (**Relevant Date**), the Company shall, subject to: (A) the terms of the Warrant Deed; and (B) any restrictions under the Corporations Act and whilst the Company is listed on the ASX, the ASX Listing Rules, issue the Shares to the Holder promptly thereafter. The Company must thereafter deliver within three (3) Business Days to the Holder or such other person as the Holder may designate in writing a holding statement or holding statements (or equivalent evidence of ownership) for the number of Shares so issued upon the exchange or exercise of the Warrants.

In relation to the issue of any Shares to the Holder, on the day the Shares are issued, the Company must: (i) undertake all administrative and governance processes to effect the issue of the Shares, including updating the Company's records with ASIC; and (ii) whilst the Company is listed on the ASX: (A) file an Appendix 2A (of the ASX Appendix Forms) with the ASX in relation to the issue and quotation of such Shares; and (B) file a cleansing notice pursuant to section 708(A)(5) and (6) of the Corporations Act 2001 (Cth) (**Corporations Act**) if the Company is able to satisfy the technical requirements for issuing a cleansing notice.

If the Company is not eligible to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company shall issue a prospectus on the date that the Shares are issued (in which case the date for issuing those Shares may be extended to not more than 15 business days after the Relevant Date, to allow the Company time to prepare that prospectus), in accordance with the requirements of section 708A(11) of the Corporations Act.

## **10 Treatment of Warrants on Acquisition**

An **Acquisition** occurs if:

- (a) any person or entity (**Bidder**), together with any associates (as that term is defined in section 12 of the Corporations Act) of that Bidder, acquires a relevant interest (as that term is defined in the Corporations Act) in more than 50% of the Shares of the Company, provided that if the Bidder has

acquired the relevant interest under a takeover bid under Chapter 6 of the Corporations Act that is subject to defeating conditions, no Acquisition will occur until all of the defeating conditions are fulfilled or the takeover bid has been declared free of the defeating conditions by the Bidder;

- (b) there is a change in control of the Company, being, with respect to the Company:
  - (i) a person that does not control the Company commences to control the Company;
  - (ii) a trade sale under which a person proposes to acquire:
    - (A) all or a majority of the capital shares of the Company; or
    - (B) the whole or a substantial part of the business of the Company or the Group;  
or
    - (C) all or substantially all of the assets of the Company or the Group; or
  - (iii) an initial public offering of shares and the admission of those shares to the official list of the ASX or any other securities exchange.
- (c) a meeting of shareholders of the Company is convened to approve a scheme of arrangement (pursuant to Part 5.1 of the Corporations Act) under which the Company may become a subsidiary or under the control of another company; or
- (d) the Company enters into an agreement to sell or dispose of all or substantially all of the Company's assets or undertaking

Upon the occurrence of any Acquisition, provided the Holder has not exercised its rights under Section 11, the Company shall procure that the acquirer or the successor entity (if applicable in such Acquisition) shall, at the Acquirer's election (and in lieu of the Holder making an election to exercise the Warrants prior to such acquisition occurring) either:

- (a) assume the obligations of the Company under this Warrant mutatis mutandis and to the extent applicable, in which case the number of Shares to be issued on exercise or exchange of the Warrant shall be adjusted to be equal to the number and of the same class of securities as would be deliverable for the Shares issuable upon exercise of the unexchanged portion of this Warrant as if such Shares were issued shares on the closing date for the Acquisition (and the Exercise Price and/or number of Shares shall be adjusted accordingly); or
- (b) purchase this Warrant at a price equivalent to a Black & Scholes valuation.

The Company shall:

- (a) in respect of an Acquisition set out in Section (a) above, by no later than 5 Business Days of the earlier to occur of the Company becoming aware of a takeover bid or the occurrence of that Acquisition; or and
- (b) in respect of an Acquisition set out in to Sections (b), (c) or (d) above, on no less than 5 Business Days prior to the occurrence of that Acquisition,

give written notice to the Holder of that Acquisition and provide the relevant details of such Acquisition.

## 11 Put Option

Notwithstanding anything to the contrary set forth in these terms, if an Acquisition occurs, the Company suffers an insolvency event or upon the Expiry Date (a **Put Event**), Holder shall have the right (but not the obligation) for 30 days after (and subject to) being notified by the Company that a Put Event has occurred (the **Put Option Exercise Period**) to require the Company to re-purchase all of the Warrants for the cash sum of A\$3,000,000 in aggregate, subject to the adjustments detailed below (the **Put Price**).

If, prior to the date of the Put Option Notice, some or all of the Warrants have been exchanged and/or exercised in part pursuant to Sections 4 and 5, the Put Price will be adjusted based on the formula detailed below.

$$X = Y * \frac{A}{B}$$

Where

- X = Put Price (as adjusted by the above formula);
- Y = \$3,000,000;
- A = the number of Warrants outstanding as at the date of the Put Option Notice;
- B = 50,000,000; and
- \* = multiplied by.

The Put Option is no longer able to be exercised by Holder after the Put Option Exercise Period.

Holder may exercise the Put Option by written notice within the Put Option Exercise Period (**Put Option Notice**). Following the exercise of Put Option, the Company shall promptly (and in no event later than 10 Business Days of Holder's notice to the Company) pay the Put Price to Holder. If Holder exercises the Put Option and the Holder receives the Put Price from the Company, the Warrants shall be deemed terminated and cancelled.

## 12 Participation in New Issues

The Warrants do not entitle the Holder to participate in a new issue of securities by the Company, unless this Warrant is exercised and Shares are issued by the record date for participation in the new issue of securities.

## 13 Adjustment for Bonus Issues of Shares

Whilst the Company is listed on the ASX and if the Company makes a pro rata "bonus issue" (as that term is defined in the ASX Listing Rules) to the holders of Shares, the number of Shares issued upon the exercise of the Warrants shall be increased by the number of bonus Shares or other securities which the Holder would have received in respect of any Share(s) that would have been issued to the Holder had the Warrant been exercised before the record date for the bonus issue.

## 14 Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Warrant will be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

where:

- O' = the new Exercise Price of the Warrants.
- O = the old Exercise Price of the Warrants.
- E = the number of underlying Shares into which the Warrants is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

## 15 Adjustments for Reorganisation

If the Company shall at any time:

- (a) subdivide by split-up or otherwise its issued Shares into a greater number of shares, then the number of Shares issuable upon the exercise of the Warrants hereunder shall be proportionally increased; and
- (b) issue additional Shares for no consideration (eg as a dividend, dividend reinvestment, bonus issue or otherwise with respect to any Shares), then the Holder shall have the benefit of such Shares and upon the exercise of the Warrants, the Holder shall be entitled to such additional Shares to which Holder would have been entitled if the Holder had exercised the Warrants on the effective date of such issue of Shares and enjoyed the benefit of such issue on the same basis as other holders of Shares; and
- (c) combine or consolidate the Shares into a smaller number of Shares, then the number of Shares issuable upon the exercise of the Warrants hereunder shall be proportionally decreased,

in each case so that the Holder is treated on the same basis as other holders of Shares, including in relation to Section 15(b) where the Holder has not exercised the Warrants prior to the relevant action.

If any event occurs as to which, in the opinion of the Board of Directors of the Company, the provisions of Section 10 or 15 are not strictly applicable or if strictly applicable would not fairly adjust the rights of the Holder in accordance with the essential intent and principles of such provisions, then the Board of Directors shall, subject to the ASX Listing Rules (whilst the Company is listed on the ASX), make an adjustment in the application of such provisions, in accordance with such essential intent and principles, so as to adjust such rights, but in no event shall any adjustment have the effect of increasing the Exercise Price as otherwise determined pursuant to any of the provisions of this Section, except in the case of: (i) a combination or consolidation of shares of a type contemplated in Section (c) and then in no event to an amount larger than the Exercise Price as adjusted pursuant to this Section, or (ii) an Acquisition which results in a smaller number of Shares being exercisable in the acquirer in accordance with Section 10 and then in no event to an amount larger than the Exercise Price as adjusted pursuant to Section 10.

**16 ASX Listing Rules**

Whilst the Company is listed on the ASX, the terms of the Warrants are to be read subject to, and will only apply to the extent not inconsistent with, the ASX Listing Rules, or any decision made by, or requirement of, ASX (including any conditions attaching thereto), such that the rights of Holder will be changed to the extent necessary to comply with the ASX Listing Rules, including without limitation, those applying to a reorganization of capital or a bonus issue at the time of the reorganization or bonus issue.

**17 Quotation of Warrants**

The Company will make no application for quotation of the Warrants.

**18 Options Transferable**

The Warrants are transferrable.

**Buddy Technologies Limited**  
Level 3, 12 Pirie Street  
Adelaide, SA 5000, AUS  
+61 1800 831 317

**Buddy Platform, Inc.**  
1201 3rd Ave, Suite 2200  
Seattle, WA 98101, USA  
+1 206 899 2525



15 October 2020

The Directors  
Buddy Technologies Limited  
Level 3, 12 Pirie Street  
ADELAIDE SA 5000

Dear Sirs,

### **NOMINATION OF AUDITOR**

In accordance with the provisions of section 328B(1) of the Corporations Act 2001 (Cth), I, David McLauchlan, being a member of Buddy Technologies Limited, hereby nominate RSM Australia Partners for appointment as auditor of Buddy Technologies Limited.

I acknowledge that a copy of this nomination will be included in Buddy Technologies Limited's notice of meeting for its 2020 Annual General Meeting.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "David P. McLauchlan".

**David P. McLauchlan**  
Chief Executive Officer  
Member of Buddy Technologies Limited.



**Buddy Technologies Limited**  
ACN 121 184 316

## LODGE YOUR VOTE



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



### BY MAIL

Buddy Technologies Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138



### ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474

## LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **3:30pm (ACDT) on Wednesday, 27 January 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged:



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

### QR Code



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME  
ADDRESS LINE 1  
ADDRESS LINE 2  
ADDRESS LINE 3  
ADDRESS LINE 4  
ADDRESS LINE 5  
ADDRESS LINE 6



X99999999999

## PROXY FORM

I/We being a member(s) of Buddy Technologies Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:30pm (ACDT) on Friday, 29 January 2021 at Ibis Adelaide, 122 Grenfell Street, Adelaide SA 5000** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1 & 6-8:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 & 6-8, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Mr Richard Borenstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Approve Buy-back of Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director – Mr David McLauchlan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of Director – Mr Alan Sparks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Ratification of Further Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Approval for Director Participation in Further Placement – Ms Rosemary Batt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of Issue of Shares to Mr Richard Borenstein under the Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Approval for Director Participation in Further Placement – Mr Richard Borenstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of Issue of Shares to Ms Rosemary Batt under the Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 Approval for Director Participation in Further Placement – Mr David McLauchlan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of Issue of Shares to Mr John van Ruth under the Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17 Section 195 Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18 Approval to Issue Warrants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

BUD PRX2101N