



Buddy

BUDDY TECHNOLOGIES LIMITED

ACN 121 184 316

PROSPECTUS

For an offer of up to 1,000 New Shares at an issue price of A\$0.050 (**Cleansing Offer**). The Cleansing Offer is included primarily for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares recently issued by the Company.

This Prospectus also contains an offer of 50,000,000 Warrants to PFG (and/or its nominees) (**Warrant Offer**).

This Prospectus is also being issued in order to facilitate secondary trading of the underlying securities to be issued upon the exercise of the Warrants.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

THE SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A SPECULATIVE NATURE. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

IMPORTANT INFORMATION

General

This Prospectus is dated 4 March 2021 and was lodged with ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No New Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the office of the Company at Level 3, 12 Pirie Street, Adelaide, SA 5000 during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 4.2).

The New Securities offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks applicable to the Company.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

This Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's principal place of business by contacting the Company. The Offers contemplated by this Prospectus are only available in electronic form to persons receiving an electronic version of this Prospectus within Australia.

Applications for New Securities will only be accepted on an Application Form that is provided by the Company, with a copy of this Prospectus in either paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless a complete and unaltered copy of this Prospectus accompanies it.

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

No action has been taken to permit the offer of New Securities under this Prospectus in any jurisdiction other than Australia.

Applicable law may restrict the distribution of this Prospectus in jurisdictions outside Australia and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of New Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Continuously Quoted Securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

Exposure Period

No exposure period applies to the Offers.

Speculative Investment

An investment in the New Securities should be considered highly speculative. Refer to Section 3 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for New Securities should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance profits and losses and prospectus of the Company and the rights and liabilities attaching to the New Securities.

This Prospectus does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Securities have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that the New Securities will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

Forward-looking Statements

This Prospectus contains forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 3. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Time

All references to time in this Prospectus are references to ACDT, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 6.

CORPORATE DIRECTORY

Directors

David McLauchlan – Executive Director & CEO
Richard Borenstein – Non-Executive Chairman
John van Ruth – Non-Executive Director
Rosey Batt – Non-Executive Director
Alan Sparks – Non-Executive Director

Company Secretary

Victoria Allinson

Registered Office

Level 3, 12 Pirie Street
Adelaide SA 5000

Website

<https://buddy.com/>

Auditors*

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000

Share Registry*

Link Market Services
QV1 Building, Level 12, 250 St Georges Terrace
Perth WA 6000

Phone (within Australia): 1300 554 474
Phone (outside Australia): +61 2 9287 0309

Solicitors

Thomson Geer
Level 27, Exchange Tower
2 The Esplanade
Perth WA 6000

Home Exchange

Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

ASX Code

BUD

* Included for information purposes only. These entities have not been involved in the preparation of this Prospectus.

PROPOSED TIMETABLE

Event	Indicative Date
Lodgement of Prospectus with ASIC	4 March 2021
Offers Opening Date	4 March 2021
Cleansing Offer Closing Date	4 March 2021
Warrant Offer Closing Date	5 March 2021
Issue of Warrants	8 March 2021

The above timetable is indicative only and subject to change. Subject to compliance with all applicable laws, the Directors reserve the right to vary these dates, including the Closing Date of either of the Offers at any time after the Opening Date, without prior notice.

TABLE OF CONTENTS

Section	Page No
1. Details of the Offers.....	1
2. Purpose and Effect of the Offers	6
3. Risk Factors	7
4. Additional information.....	13
5. Authorisation	26
6. Glossary of Terms.....	27

1. Details of the Offers

1.1 The Cleansing Offer

The Company is offering, pursuant to this Prospectus, 1,000 New Shares each at an issue price of A\$0.050 (**Cleansing Offer**).

All of the New Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus. Refer to Section 4.1 for a summary of the rights attaching to the Shares.

The Company is only extending the Cleansing Offer to specific parties on invitation from the Directors. The Company will only provide Application Forms to these parties.

This Prospectus has been issued, and the Cleansing Offer is being undertaken, to facilitate the secondary trading of the following issues of Shares by the Company, as they were issued without disclosure under Part 6D.2 of the Corporations Act:

(a) Director Shares

At the Company's annual general meeting held on 29 January 2021 (**AGM**), the Company obtained Shareholder approval to issue an aggregate of 3,666,667 Shares at an issue price of A\$0.048 per Share to Ms Rosemary Batt, Mr Richard Borenstein and Mr David McLauchlan, all of whom are Directors, as follows:

- (i) 1,666,667 Shares to Rosemary Batt;
 - (ii) 1,000,000 Shares to Richard Borenstein; and
 - (iii) 1,000,000 Shares to David McLauchlan,
- (and/or their nominees) (together, the **Director Shares**).

The Director Shares have been issued. Refer to the Appendix 2A dated 4 March 2021 for further details.

(a) PFG Shares

On 5 January 2021, the Company announced that it had entered into a US\$20 million loan facility arrangement with Partners for Growth VI, L.P. (**PFG**) (**Loan Facility**) (refer to the ASX announcement dated 5 January 2021 for further details).

Under the terms of the Loan Facility, a fee (amongst others) of US\$375,000 is payable to PFG. In lieu of paying the fee in cash, the parties have agreed that the Company will issue to PFG (and/or its nominee) 8,801,733 Shares (**PFG Shares**). The PFG Shares were issued pursuant to the Company's existing Listing Rule 7.1 capacity.

The PFG Shares have been issued. Refer to the Appendix 2A dated 4 March 2021 for further details.

1.2 Purpose of the Cleansing Offer

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). The Company has been suspended from trading on the ASX for more than 5 days in the last 12 months and as a result is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The primary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act to remove any trading restrictions that may have attached to the Director Shares and PFG Shares issued by the Company so that the holders of the Director Shares and PFG Shares, if they choose to, may sell those Director Shares and PFG Shares within the twelve months following their issue, without the issue of a prospectus. The Company did not issue the Director Shares and PFG Shares with the purpose of the persons to whom they were issued selling or transferring the Director Shares and PFG Shares, or granting, issuing or transferring interests in the Director Shares and PFG Shares within 12 months of the issue, however this Prospectus provides them with the ability to do so should they wish.

1.3 Warrant Offer

At the AGM the Company obtained Shareholder approval to issue to PFG (and/or its nominees) 50,000,000 warrants on the terms and conditions detailed in Section 4.2 (**Warrants**).

This Prospectus also includes an offer to PFG (and/or its nominees) of the 50,000,000 Warrants (**Warrant Offer**). The Warrant Offer under this Prospectus is made only to PFG (and/or its nominees).

The Warrant Offer is being made with disclosure under this Prospectus to facilitate secondary trading of the Shares to be issued upon exercise of the Warrants. Issuing the Warrants under this Prospectus will enable PFG (and/or its nominees) to on-sell the Shares issued on the exercise of the Warrants without further disclosure from the Company pursuant to ASIC Corporations Instrument 2016/80.

PFG should refer to Section 1.7(b) for details of how to accept the Warrants.

1.4 Purpose of the Prospectus

Accordingly, the purpose of this Prospectus is to:

- (a) make the Offers;
- (b) ensure that the on-sale of the Director Shares and PFG Shares does not breach section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in section 708A(11) of the Corporations Act; and
- (c) ensure that the on-sale of the underlying Shares to be issued upon the exercise of the Warrants is in accordance with ASIC Corporations Instrument 2016/80.

1.5 Minimum subscription

There is no minimum subscription for the Offers.

1.6 Opening and closing dates

The Company will accept Application Forms for the Cleansing Offer until 10.00pm (ACDT) on 4 March 2021 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules

The closing date for the Warrant Offer is 8.00pm (ACDT) on 5 March 2021 (**Warrant Offer Closing Date**). The Company will accept the Warrant Offer Application Forms from 4 March 2021 until the Warrant Offer Closing Date.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the closing dates of the Offers without prior notice. If a closing date is varied, subsequent dates may also be varied accordingly.

1.7 Application Forms

(a) Cleansing Offer

The Company will send this Prospectus, together with a Cleansing Offer Application Form, to selected persons whom the Directors determine are eligible to participate in the Cleansing Offer.

If you wish to subscribe for New Shares, you should complete and return the Cleansing Offer Application Form, which will be provided with a copy of this Prospectus by the Company at the Company's discretion, in accordance with the instructions in the Cleansing Offer Application Form.

(b) Warrant Offer

The Warrant Offer is an offer to PFG (and/or its nominees) only.

Only PFG (and/or its nominees) can accept the Warrants under the Warrant Offer. Personalised Warrant Offer Application Forms will be issued to PFG (and/or its nominees) together with a copy of this Prospectus. The Company will only provide a Warrant Offer Application Forms to PFG (and/or its nominees).

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of New Securities accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of New Securities.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form is final.

1.8 Issue and Dispatch

All New Securities under the Offers are expected to be issued on or before the dates specified in the Indicative Timetable.

It is the responsibility of Applicants to determine their allocation prior to trading in New Securities. Applicants who sell New Securities before they receive their holding statements will do so at their own risk.

1.9 Application Monies held on trust

All Application Monies received for the New Shares will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this

Prospectus until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued.

1.10 ASX Quotation

Application for Official Quotation of the New Shares offered pursuant to this Prospectus will be made within seven days of the date of this Prospectus.

If the New Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act without interest.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

1.11 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offers, in which case, the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

1.12 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Securities.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Securities.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of New Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.13 Residents outside Australia

This Prospectus and any accompanying Application Form do not, and are not intended to, constitute an offer of New Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the New Securities. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.14 Risk factors

An investment in New Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are detailed in Section 3.

1.15 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for New Securities under this Prospectus.

1.16 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Acceptance and, if the Acceptance is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Acceptance.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.17 Major activities and financial information

A summary of the activities and financial information relating to the Company for the financial year ended 30 June 2020 is in the Annual Report which was lodged with ASX on 1 October 2020.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of the Annual Report are listed in Section 4.2.

Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

1.18 Enquiries

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 416 253 893.

2. Purpose and Effect of the Offers

2.1 Capital Structure on completion of the Offers

The effect of the Offers on the capital structure on the Company is as follows:

	Shares	Options	Performance Rights	Performance Shares	Warrants
Existing Securities	2,996,744,398	80,532,765	83,926,757	31,833,333	-
Issue of Warrants	-	-	-	-	50,000,000 ⁽¹⁾
Issue of New Shares	1,000	-	-	-	
Total	2,996,745,398	80,532,765	83,826,757	31,833,333	50,000,000

Notes:

(1) Refer to Section 4.2 for the terms and conditions of the Warrants.

2.2 Effect of the Cleansing Offer on the Company

After paying for the expenses of the Offers of approximately \$3,000, there will be no proceeds from the Cleansing Offer. The expenses of the Cleansing Offer exceeding \$50 (being the amount raised if the Cleansing Offer is fully subscribed) will be met from the Company's existing cash reserves.

The Cleansing Offer will have a minimal effect on the Company's financial position, being receipt of funds of A\$50 less costs of preparing the Prospectus.

2.3 Market price of Shares

The highest and lowest market sale prices of Shares on ASX during the three months immediately preceding the date of this Prospectus and the respective dates of those sales were:

Highest:	A\$0.065
Lowest:	A\$0.042
Latest	A\$0.042

2.4 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

3. Risk Factors

The New Securities are considered highly speculative. An investment in the Company is not risk free. The proposed future activities of the Company are subject to a number of risks and other factors that may affect its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Directors and management of the Company and cannot be mitigated.

The risks described in this Section 3 are not an exhaustive list of the risks faced by the Company or by investors in the Company. It should be considered in conjunction with other information in this Prospectus. The risks described in, and others not specifically referred to, in this Section 3 may in the future materially affect the financial performance and position of the Company and the value of the New Securities offered under this Prospectus. The New Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those securities. The risks described in this Section 3 also necessarily include forward looking statements. Actual events may be materially different to those described and may therefore affect the Company in a different way.

Investors should be aware that the performance of the Company may be affected and the value of its Shares may rise or fall over any given period. The Directors strongly recommend that potential investors consider the risks detailed in this Section 3, together with information contained elsewhere in this Prospectus, and consult their professional advisers, before they decide whether to apply for the New Securities.

3.1 Risks Specific to the Company

(a) Reliance on Core Information Technology and Other Systems

The operation of the Company's platforms is dependent upon the performance, reliability and availability of its information technology and communication systems. This includes its core technologies such as computer servers and back-end processing systems. These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war or a breakdown in utilities such as electricity and fibre optic cabling. Events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. The disaster recovery plans of the Company and its acquired businesses may not adequately address every potential event, and its insurance policies may not cover loss or damage that the Company and its acquired businesses (as applicable) suffer as a result of a system failure.

Any damage to, or failure of, the Company's or its acquired businesses' key systems can result in disruptions in the Company's or its acquired businesses' ability (as applicable) to operate its various data aggregation and management platforms for the IoT and connected devices. Such disruptions have the potential to reduce the ability of the Company and its acquired businesses to generate revenue, impact consumer service levels and damage the respective brand values of the Company and its acquired businesses. This could adversely affect the Company's ability to generate new business and cause it to suffer financial loss.

The industry in which the Company and its acquired businesses are involved is also subject to rapid and significant changes in technology. The impact of these changes on the Company and its acquired businesses cannot be predicted. The costs associated with implementing emerging and future technology changes could be significant.

(b) Intellectual Property

The Company intends to pursue intellectual property protection in the form of patents for newly developed technologies. However, if the Company fails to protect the intellectual property rights adequately, competitors may gain access to its technology which may harm the Company's business.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trade mark, copyright and trade secret protection may not be available to the Company in every country in which the Platform may eventually be launched. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

Market conditions depending, the Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

In addition, unauthorised use of the “Buddy” brand in counterfeit products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(c) **Future Capital Needs and Additional Funding**

The future capital requirements of the Company will depend on many factors including its business development activities and the business of LIFX. Although the Company's available cash should be adequate to fund its business development activities, business plan and other Company objectives in the near term, changes to operational requirements, market conditions and business opportunities may mean further funding is required by the Company at an earlier stage than is currently anticipated.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional funding, if required, would have a material adverse effect on the Company's business and its financial condition and performance and the Company's ability to continue as a going concern.

(d) **Litigation Risks**

The Company is exposed to litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company is presently in dispute with CST Capital Pty Ltd ATF the CST Investments Fund (refer to the ASX announcements dated 6 November 2020 and 15 December 2020 for further details). Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

(e) **Reliance on Key Personnel**

The Company operates in a rapidly growing and competitive sector. It relies heavily on the core competencies and expertise of its key employees in technical, engineering and sales and marketing. The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner. Further, the Company growth and financial performance may suffer if it is unable to secure the quality and quantity of new employees or contractors it requires to facilitate its growth due to industry competition for these skills.

(f) **Industry Competition**

The Company's future performance may be affected by the level of competition in the IoT Industry in which it operates. Whilst the Company is an early mover in the industry, new or existing competitors may be successful in offering alternative and may enter into strategic partnerships with recognised press associations which enhance their business at the expense of the Company.

(g) **Reputational Risks**

The Company operates in an online and fast-changing environment. Negative publicity can spread quickly, whether true or false. Disgruntled users posting negative comments about the businesses in public forums may have a disproportionate effect on the reputation of the Company and/or its acquired businesses (as applicable) and their ability to earn revenues and profits. Additionally, complaints by such users can lead to additional regulatory scrutiny and a consequential increased compliance burden in responding to regulatory enquiries. This could negatively impact upon the Company's and its acquired business' profitability (as applicable).

(h) **Reliance on Third Party IT Service Provision**

The Company utilise services provided by third parties to maintain and deliver its software as data aggregation and management platforms and other key deliverables in its business model. This includes payment gateway providers, sales staff and integration of the platforms to the market dispensing software packages. Significant or extended disruption of the Company or its acquired businesses caused by supplied equipment, software or service failure may reduce their ability to generate revenue, impact client and consumer service levels and may damage their brand. This could adversely affect the Company's and its acquired businesses' ability to generate new business and cause it to suffer financial loss. Any mitigation of this loss via redress from third party suppliers may not be immediately available, if at all.

The company is continually assessing the risk and opportunities associated with its business model and other than disruptions for short periods of time due to service delivery failure is not solely reliant on any one party for delivery.

(i) **Hacker attacks**

The Company will rely upon the availability of its platform to provide services to customers and attract new customers. Hackers could render its platform unavailable or cause customers' personal information being compromised.

Although Buddy has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the platform could lead to a loss of revenue for the Company and/or its acquired businesses while compromising customers' information could hinder the Company's and its acquired businesses' abilities to retain existing customers or attract new customers, which would have a material adverse impact on their growth.

There is also currently an increased exposure to organisations that process personal information in the course of their commercial activities, in particular, relating to liability arising from security incidents. Although the Company is relatively small, vulnerabilities in the information security governance will require remediation in the near future and upon completion of the Acquisition.

(j) **Security Breaches**

The Company collects, stores, processes and analyses the data generated by the IoT and connected devices, and unlock the economic opportunities delivered by this data. Such data can be highly sensitive, highly regulated and confidential information. The provision of secure and reliable information storage and processing services is integral to the businesses and operations of the Company in a wide variety of industries.

Whilst the Company follows best practice in relation to security policies, procedures, automated and manual protections, encryption systems and staff screening to minimise risks, there is no guarantee that the implementation of such precautions will be sufficient to prevent data security breaches and information being compromised or misused.

(k) **Failure to Deal with Growth**

The Directors will continue to seek to grow the Company both organically and through new investment opportunities. There are always risks that the benefits, synergies or efficiencies expected from such investments or growth may take longer than expected to be achieved or may not be achieved at all. Any investments pursued could have a material adverse effect on the Company.

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisition. The capacity of the expanded management team to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

The LIFX and Company businesses have the potential to grow rapidly. If that occurs and the Company fails to properly manage that growth, then that failure could harm its business or LIFX's business. Any failure to meet user and contributor demand properly could adversely affect the business, including demand for its and LIFX's products, services, revenue collection, user and contributor satisfaction and public perception.

(l) **Contract Risks**

The Company's subsidiaries operate through a series of contractual relationships with operators, sub-contractors and manufacturers. All contracts carry risks associated with the performance by the parties thereto of their obligations as to time and quality of work performed. Any disruption to services or supply may have an adverse effect on the financial performance of the Company's operations.

(m) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

(n) **Currency Risk**

The Company expects to derive a majority of its revenue from the United States, in US dollars. Accordingly, changes in the exchange rate between the United States dollar and the Australian dollar would be expected to have a direct effect on the performance of the Company.

3.2 General Risks

(a) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and Directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

(b) **Trading Price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world

markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks ,and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(c) **Additional Requirements for Capital**

The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(d) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(e) **Technology Sector Risks**

The technology sector is characterised by rapid change. New and disruptive technologies can place competitive pressures on existing companies and business models, and technology stocks may experience greater price volatility than securities in some slower changing market sectors.

The value of the Company's securities may be adversely affected by any general decline in the valuation of listed securities and/or adverse market sentiment towards the technology sector in particular, regardless of the Company's operating performance.

(f) **Force Majeure**

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(g) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

3.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of its New Securities.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Securities offered under this Prospectus. Therefore, the New Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for New Securities pursuant to this Prospectus.

4. Additional information

4.1 Rights Attaching to New Shares

A summary of the rights attaching to New Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities that attach to New Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting Rights

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

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to

the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder Liability**

As the Shares under this Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

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

(g) **Variation of Rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.2 Terms and Conditions of Warrants

The key terms and conditions of the Warrants are as follows:

(a) **Entitlement**

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

(b) **Exercise Price and Expiry Date**

The exercise price of each Warrant is A\$0.058 (**Exercise Price**).

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

(c) **Exercise Period**

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

(d) **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.

(e) **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.

(f) **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 Warrants is greater than the Exercise Price in effect on such date, provided the Holder has not exercised its rights in Section 4.2(k), the Warrants shall automatically be deemed on the date following the end of the Put Option Exercise Period to be exercised pursuant to Section 4.2(e) (i.e. a cashless exercise).

(g) **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.

(h) **Quotation of Shares**

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

(i) **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 Warrants; 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) if required, file a cleansing notice pursuant to section 708(A)(5) and (6) of the 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, if required, 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.

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

(j) **Treatment of Warrants on Acquisition**

An Acquisition occurs if:

- (i) 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;

- (ii) there is a change in control of the Company, being, with respect to the Company:
 - (A) a person that does not control the Company commences to control the Company;
 - (B) a trade sale under which a person proposes to acquire:
 - (1) all or a majority of the capital shares of the Company; or
 - (2) the whole or a substantial part of the business of the Company or the Group; or
 - (3) all or substantially all of the assets of the Company or the Group; or
 - (C) an initial public offering of shares and the admission of those shares to the official list of the ASX or any other securities exchange.
- (iii) 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
- (iv) 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 4.2(k), 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:

- (i) assume the obligations of the Company under the Warrants *mutatis mutandis* and to the extent applicable, in which case the number of Shares to be issued on exercise or exchange of the Warrants 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 the Warrants 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
- (ii) purchase the Warrants at a price equivalent to a Black & Scholes valuation.

The Company shall:

- (iii) in respect of an Acquisition set out in Section (i) 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
- (iv) in respect of an Acquisition set out in to Sections (i), (iii) or (iv) 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.

(k) **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 4.2(d) and 4.2(e), 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.

(l) **Participation in New Issues**

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

(m) **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 Warrants been exercised before the record date for the bonus issue.

(n) **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.

(o) **Adjustments for Reorganisation**

If the Company shall at any time:

- (i) 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
- (ii) 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
- (iii) 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 4.2(o)(ii) 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 4.2(j) or 4.2(o) 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 4.2(o)(iii) 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 4.2(j) and then in no event to an amount larger than the Exercise Price as adjusted pursuant to Section 4.2(j).

(p) **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.

(q) **Quotation of Warrants**

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

(r) **Options Transferable**

The Warrants are transferrable.

4.3 **Company is a Disclosing Entity**

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares are in the same class as Shares that have been quoted on the official list of the ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or operation to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report of the Company for the financial year ended 30 June 2020 being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
- (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of its annual report on 1 October 2020:

Date Lodged	Subject of Announcement
4 March 2021	Appendix 2A
4 March 2021	Appendix 3G
1 March 2021	Buddy Releases Pro Forma Unaudited 1H FY2021 Results
26 February 2021	Interim and Appendix 4D 31 December 2020
9 February 2021	BUD Announces H2FY21 Revenue Guidance of \$24m to \$28m
9 February 2021	Introduction to Buddy Technologies for 2021
2 February 2021	Appendix 2A Dec 20 Jan 21 Employee Plan Vesting and Issue
2 February 2021	Constitution approved at 29 January 2021 AGM
29 January 2021	AGM Results
29 January 2021	AGM Presentation and proxy results
28 January 2021	December Quarterly 4C Review (Q2FY21)
28 January 2021	2021 Annual CEO Letter to Shareholders
25 January 2021	Letter to Shareholders - October & November 2020 Results
13 January 2021	Buddy Signs Additional Manufacturing Agreement to Grow Scale
6 January 2021	Cleansing Prospectus
6 January 2021	US\$20m Refinancing – Revised Appendix 2A
6 January 2021	US\$20m Refinancing completed – 50m Unlisted Options cancelled
5 January 2021	Appendix 2A
5 January 2021	Proposed Issue of Securities – BUD
5 January 2021	Update on PFG Finance Facility
31 December 2020	Trading Halt
30 December 2020	AGM Letter
30 December 2020	Notice of Annual General Meeting / Proxy Form
23 December 2020	Update on PFG Finance Facility
18 December 2020	LIFX Connects to Alexa Smart Energy
17 December 2020	Closure of Finance Facilities Prior to PFG Refinancing
17 December 2020	Appendix 3X – A Sparks
17 December 2020	Unlisted Options Expire
16 December 2020	Appendix 3G Unlisted Options Issued
15 December 2020	Appendix 2A Nov 2020 Employee Plan Vesting and Issue

Date Lodged	Subject of Announcement
15 December 2020	Appendix 3G Employee Plan Issue
15 December 2020	Update on CST Dispute
15 December 2020	Appointment of Non-Executive Director
11 December 2020	Appointment of Company Secretary
10 December 2020	EU Buddy Ohm Installations Resume with US Fund Properties
7 December 2020	Date of Annual General Meeting
19 November 2020	Change in substantial holding
19 November 2020	LIFX to Sell in Target U.S. Stores, Holiday Inventory Update
18 November 2020	Update regarding Date of Annual General Meeting
18 November 2020	Cleansing Notice
18 November 2020	Appendix 2A – Placement and Employee Plan Vesting
11 November 2020	Appendix 3G – October 2020 Employee Plan Vesting and Issue
11 November 2020	Buddy Completes \$13M Share Placement
11 November 2020	Proposed Issue of Securities – BUD
9 November 2020	Pause in Trading
6 November 2020	LIFX to Launch in Walmart Owned Sam's Club, Stock Update
6 November 2020	Reinstatement to Official Quotation
6 November 2020	Update on Dispute with CST
4 November 2020	Extension of Voluntary Suspension
4 November 2020	Debt Maturity Date Extended
2 November 2020	September Quarterly 4C Review (Q1FY21)
30 October 2020	Suspension from Official Quotation
28 October 2020	Trading Halt
23 October 2020	LIFX Clean Passes US Testing, Ready for Retailer Orders
21 October 2020	Buddy Signs US\$20m Debt Refinancing Binding Term Sheet
21 October 2020	Proposed Issue of Securities - BUD
21 October 2020	Trading Halt
21 October 2020	Pause in Trading
21 October 2020	Buddy Agrees to US\$10m Debt Reduction with Vendor Debt Holder
19 October 2020	Letter to Shareholders – September 2020 Results
16 October 2020	Appendix 2A – September 2020 Employee Plan Vesting and Issue
16 October 2020	Appendix 3G – September 2020 Employee Plan Issue
16 October 2020	LIFX Pre-Sales, LIFX Clean to Sell at Amazon, Best Buy, HSN
16 October 2020	Record One-Day Sales, Amazon Prime Day LIFX Bundle Sells Out
14 October 2020	Home Shopping Network to Sell LIFX, Amazon Sales Update
13 October 2020	Pause in Trading
8 October 2020	Date of Annual General Meeting
1 October 2020	LIFX to launch at Costco, Lowe's – Tripling US Retail Doors

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the office of the Company at Level 3, 12 Pirie Street Adelaide SA 5000:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 4.13 and the consents provided by the Directors to the issue of this Prospectus.

4.4 Information Excluded from Continuous Disclosure Notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be included in this Prospectus.

4.5 Determination by ASIC

ASIC has not made a determination that would prevent the Company from relying on section 713 of the Corporations Act in issuing the New Securities under this Prospectus.

4.6 Directors' Interests

Except as disclosed in this Prospectus, no Director and no firm in which a Director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

4.7 Directors' Interests in Securities

Set out in the table are details of the Directors' relevant interests in the Securities at the date of this Prospectus:

Director	Shares	Options	Performance Shares
David McLauchlan	136,851,820	-	22,166,667
Richard Borenstein	40,297,575	854	3,333,333
John van Ruth	8,222,590	-	833,333
Alan Sparks	-	-	-
Rosey Batt	8,611,111	-	-

4.8 Directors' Remuneration

The remuneration of the Directors for the previous two financial years is as follows:

Director	Financial Year	Salary and Fees	Share-based payments	Total
David McLauchlan	2019	\$349,467	-	\$349,467
	2020	\$324,922	-	\$324,922
Richard Borenstein	2019	-	-	-
	2020	-	-	-
John van Ruth	2019	-	-	-
	2020	-	-	-
Alan Sparks ⁽¹⁾	2019	-	-	-
	2020	-	-	-
Rosey Batt	2019	-	-	-
	2020	-	-	-

Note:

(1) Mr Alan Sparks was appointed as a Director on 15 December 2020.

4.9 Related Party Transactions

At the date of this Prospectus, no material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus.

4.10 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offers or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offers.

Thomson Geer will be paid fees of approximately \$3,000 (plus GST) in relation to the preparation of this Prospectus.

4.11 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4.12 Expenses of the Offers

The estimated expenses of the Offers are \$3,206 (ASIC lodgement fee) and \$3,000 (legal expenses).

4.13 Consents

Thomson Geer has given, and, as at the date hereof, has not withdrawn, its written consent to being named in this Prospectus as Australian solicitors to the Company. Thomson Geer has not authorised or caused the issue of this Prospectus or the making of the Offers. Thomson Geer

makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement with ASIC of this Prospectus.

5. Authorisation

This Prospectus is authorised by each of the Directors. This Prospectus is signed for and on behalf of the Company by:



David McLauchlan
Executive Director and CEO

4 March 2021

6. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

Acceptance means a valid application for Shares made pursuant to this Prospectus on an Application Form.

ACDT means Australian Central Daylight Time, being the time in Adelaide, South Australia.

AGM has the meaning given in Section 1.1.

Applicant means a person who submits an Application Form.

Application Form means the application form provided by the Company with a copy of this Prospectus.

Application Monies means application monies for New Shares received by the Company from an Applicant.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

Board means the board of Directors.

Buddy Group means the Company and its subsidiaries.

Chairman means chairman of the Board.

CHESS means ASX Clearing House Electronic Subregister System.

Cleansing Offer has the meaning given in Section 1.1.

Cleansing Offer Application Form means the application form attached to, or accompanying this Prospectus, to be used for the purposes of applying for New Shares.

Closing Date, in relation to an Offer, means the closing date of that Offer as specified in the Indicative Timetable as varied from time to time.

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

Constitution means the constitution of the Company.

Corporations Act means Corporations Act 2001 (Cth).

Director means a director of the Company.

Director Shares has the meaning given in Section 1.1.

Exercise Price has the meaning given in Section 4.2.

Expiry Date has the meaning given in Section 4.2.

Holder has the meaning given in Section 4.2.

LIFX means Lifi Labs, Inc. trading as LIFX.

Listing Rules means the Listing Rules of ASX.

Loan Facility has the meaning given in Section 1.1.

New Securities means the New Shares and Warrants.

New Shares means the Shares offered pursuant to the Cleansing Offer.

Notice of Exchange has the meaning given in Section 4.2.

Notice of Exercise has the meaning given in Section 4.2.

Offers means the Cleansing Offer and Warrant Offer.

Option means the right to acquire one Share in the capital of the Company.

PFG has the meaning given in Section 1.1.

PFG Shares has the meaning given in Section 1.1.

Prospectus means this prospectus dated 4 March 2021.

Section means a section of this Prospectus.

Securities mean any securities including Shares or Options issued or granted by the Company.

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

Shareholder means a holder of Shares.

Warrants has the meaning given in Section 1.3.

Warrant Offer has the meaning given in Section 1.3.

Warrant Offer Application Form means the application form attached to, or accompanying this Prospectus, to be used for the purposes of applying for Warrants.

