



ASX MARKET RELEASE

Addendum to Notice of Meeting

18 March 2019 – Adelaide, South Australia

Buddy Platform Limited ("**Company**") (ASX: **BUD**) encloses an addendum ("**Addendum**") to the Notice of Meeting released on its ASX announcements platform on 22 February 2019 ("**Notice**"). The key matters affected by the Addendum are to account for the update in respect to the proposed acquisition of the entire issued share capital of leading smart lighting technology company, Lifi Labs, Inc. trading as LIFX (refer to the ASX announcement dated 18 March 2019) and ensure the accuracy of the information before shareholders.

The Company advises there has been no change to the date and time of the meeting, being **11.00am (ACDT) on 25 March 2019**, and the proxy form originally despatched to shareholders together with the Notice, and votes that have already been cast remain valid. Shareholders who would like to alter their vote that has already been cast should complete and sign the enclosed proxy form and return by the time and in accordance with the Addendum and instructions set out on the proxy form.

Further to the Addendum, shareholders who have not yet cast a vote may submit the enclosed proxy form for this purpose, however votes cast using the original proxy form will also be accepted.

For further information please contact:

The Company Secretary
Mr Stuart Usher
+61 499 900 044



BUDDY PLATFORM LIMITED

ACN 121 184 316

**ADDENDUM TO NOTICE OF GENERAL MEETING
AND ACCOMPANYING EXPLANATORY MEMORANDUM**

to be held at 11.00am (ACDT) on 25 March 2019

at Level 2, 333 King William Street, Adelaide, South Australia

IMPORTANT INFORMATION

This document is an addendum to the notice of general meeting ("**Notice**") dated 22 February 2019 for the general meeting of Buddy Platform Limited to be held on 25 March 2019 ("**Addendum**"). This Addendum varies the Explanatory Memorandum accompanying the Notice and should be read together with the Notice and Explanatory Memorandum. There have been no changes to the Proxy Form despatched to shareholders on 22 February 2019. A proxy form is provided with this Addendum for shareholders wishing to change their vote or submit a proxy form.

ADDENDUM TO NOTICE AND EXPLANATORY MEMORANDUM

Buddy Platform Limited (ACN 121 184 316) ("**Company**"), gives notice to Shareholders of amendments to the explanatory memorandum accompanying ("**Explanatory Memorandum**") the notice ("**Notice**") dated 22 February 2019 to be held at Level 2, 333 King William Street, Adelaide, South Australia on 25 March 2019 at 11.00am (ACDT) ("**Meeting**").

BACKGROUND

The Company convened the Meeting by the Notice to, amongst other things, seek Shareholder approval for:

- (a) the issue of the Minority Vendor Shares;
- (b) the issue of the Eastfield Shares;
- (c) the issue of the Placement Shares;
- (d) the issue of the Alexander Securities;
- (e) the issue of the Peters Securities; and
- (f) the election of Mr Marc Alexander as a Director.

Since the dispatch of the Notice, the Company has:

- (g) identified minor typographical errors in the Notice; and
- (h) entered into a term sheet with the Majority Vendor and Eastfield pursuant to which, subject to formal documentation, the Majority Vendor has agreed to defer payment of a portion of the Majority Vendor Consideration and Eastfield has agreed to amend the Loan Agreement.

Definitions in the Notice have the same meaning in this Addendum unless otherwise updated in this Addendum.

This Addendum is supplemental to the original Notice and Explanatory Memorandum and should be read together with the Notice and Explanatory Memorandum. To the extent of any inconsistency, this Addendum will prevail over the original Notice and Explanatory Memorandum.

IMPORTANT NOTICE

This Addendum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

VOTING BY PROXY

Proxy Forms already received by the Company in accordance with the instructions in the Notice will still be accepted by the Company and will be counted in relation to the Resolutions to be voted on by Shareholders at the Meeting.

Shareholders who would like to alter their vote that has already been cast can do so by login into the Link investor centre at www.linkmarketservices.com.au to complete an on-line Proxy Form.

Proxy Forms must be received by the Company no later than 11.00am (ACDT) on 23 March 2019, being at least 48 hours before the Meeting.

Shareholders who have not yet cast a vote may vote on-line or by using their existing Proxy Form that has been previously posted with the Notice, votes cast using the original Proxy Form will be accepted.

Should you wish to discuss the matters in this Addendum please do not hesitate to contact the Company Secretary on +61 499900044.

AMENDMENTS TO THE EXPLANATORY MEMORANDUM

The following underlined and struck-through words in paragraph 6 of Section 4.1 of the Explanatory Memorandum accompanying the Notice be deleted:

Under the Merger Agreement, the Acquisition is conditional on, amongst other things, the Company obtaining the requisite Shareholder approvals (being Resolution 1) and the Company having raised sufficient funds to satisfy the Majority Vendor Consideration and Minority Vendor Cash Consideration (detailed below).

The first paragraph of Section 4.3(a), being Section 4.3(a)(i) of the Explanatory Memorandum accompanying the Notice (Majority Vendor Consideration), is removed and replaced with the following:

(a) Consideration

The total consideration payable by the Company for the Acquisition is as follows:

- (i) US\$26.5 million payable to the Majority Vendor, as follows:
 - (A) a US\$500,000 deposit upon the execution of the Merger Agreement (**Majority Vendor Deposit**);
 - (B) US\$13.5 million in cash on Completion; and
 - (C) the remainder, being US\$12.5 million, on or before 31 March 2020 (refer to Section 4.4(b) for further details),

(together, the **Majority Vendor Consideration**);

Section 4.3(f) of the Explanatory Memorandum accompanying the Notice is removed and replaced with the following:

(f) Majority Vendor Escrow Arrangements

As contemplated in the Notice, Eastfield and the Company had (prior to this Addendum) entered into an escrow agreement pursuant to which the Eastfield Shares, which are being issued as part repayment of the Drawn Down Amount under the LoC (refer to Section 4.6 for further details), will be escrowed until three months after Completion. Under the terms of the Term Sheet (refer to Section 4.4(b)), the parties have agreed to amend the escrow agreement such that the Eastfield Shares will be escrowed until 1 May 2019 (as opposed to a date that is three months after Completion).

Section 4.4 of the Explanatory Memorandum accompanying is removed and replaced with the following:

4.4 Acquisition Financing

The Company intends to fund the majority of the Majority Vendor Consideration and payment of the Accounts Receivable Amount (totalling approximately US\$30.90 million) via a combination of a

placement and debt financing (**Acquisition Financing**). The Company has received firm commitments to raise A\$18.1 million (circa US\$13.03 million) pursuant to a placement to sophisticated and professional investors of 226,250,000 Shares at an issue price of A\$0.08 (**Placement**) and intends to raise the balance of the funds required for the Majority Vendor Consideration and the Accounts Receivable Amount via the arrangements detailed in Section 4.4(b).

Shareholders should note that approximately US\$540,000 of the Company's A\$15.1 million in cash (as of 31 December 2018) will be utilised to fund the Minority Vendor Cash Consideration (being approximately US\$40,000) and US\$500,000 of the Majority Cash Consideration payable at Completion.

(a) Placement

Completion of the Placement is conditional upon the Acquisition Resolutions being approved by Shareholders at the Meeting and the Company procuring the remaining funds for the Majority Vendor Consideration via the Debt Financing (refer below).

Subject to Shareholders passing of the Acquisition Resolutions and Resolutions 4 and 5, Mr David McLauchlan (CEO) and Mr Richard Borenstein (Chairman) will each participate in the Placement. If Resolutions 4 and/or 5 are not approved by Shareholders, the Company will either place the amount allocated to Mr David McLauchlan and/or Mr Richard Borenstein to unrelated sophisticated and professional investors or, if required, increase the amount to be raised under the Debt Financing (refer below).

(b) Debt Financing

The Company, the Majority Vendor and Eastfield have entered into a term sheet (**Term Sheet**) pursuant to which, subject to formal documentation, the Majority Vendor has agreed to defer payment of a portion of the Majority Vendor Consideration and Eastfield has agreed to amend the Loan Agreement (refer to Section 4.6 of the Notice) (**New LoC**) and the Company is in advanced discussions and negotiations with a third-party debt financier to fund the Accounts Receivable Amount and for ongoing trade finance and working capital purposes (together the **Debt Financing**).

The key terms of the Term Sheet are as follows:

- (i) the Majority Vendor will provide a loan facility to Buddy of US\$12.5 million, with such amount to be deducted from the Majority Vendor Consideration (**Loan**);
- (ii) repayment of funds under the Loan and under the New LoC are payable as follows:
 - (A) US\$2.8 million of the Loan will be repaid on or before 30 June 2019 and the remainder of the Loan, being US\$9.7 million, plus accrued interest will be repaid on or before 31 March 2020; and
 - (B) US\$3.7 million of the New LoC will be repaid on or before 30 June 2019 and the remainder will be repaid on or before 31 December 2019;
- (iii) interest will accrue on the Loan at a rate of 10% per annum (capitalised quarterly) and default interest of an additional 5% will apply on all overdue amounts;
- (iv) an amount of US\$500,000 will be paid by Buddy as a deposit in respect to the repayment of the US\$2.8 million under the Loan and US\$3.7 million under the New LoC (**June Repayment Amounts**) and in the event the June Repayment Amounts are not repaid by 30 June 2019, the deposit will be

forfeited to the Majority Vendor (ie. the deposit will not be applied towards the repayment of the Loan);

- (v) the "drop dead date" for repayment of the New LoC is 31 March 2020, noting that default interest provisions will apply on and from 31 December 2019 and Eastfield may at any time on and from 31 December 2019 demand that the entire amount be repaid;
- (vi) the escrow period of the Eastfield Shares will be reduced from 3 months from Completion to 1 May 2019;
- (vii) a first priority security over the issued share capital of all of Buddy's wholly owned subsidiaries (as at Completion) and a first priority asset security from Buddy and all of its wholly owned subsidiaries (other than certain assets in respect of which the security will be second ranking to the security provided under the Tranche B Debt Financing - refer below) will be granted to secure the amounts owing under the Loan and New LoC; and
- (viii) as part of the Loan, the Company will issue to the Majority Vendor (and/or its nominee) 70,000,000 Options each with an exercise price calculated based on the 5 day VWAP of the Shares prior to the date of the Meeting and an expiry date of 10 years. The Options will be issued under the Company's existing Listing Rule 7.1 capacity.

Shareholders should note that the above arrangements are being procured as an alternative to the "Tranche A Debt Financing" detailed in the Notice and the provision of the Loan and New LoC remain subject to the finalisation and execution of formal full form legal documentation. The parties have agreed to negotiate in good faith to enter into full form legal documentation that incorporates the terms and conditions in the Term Sheet on or before 27 March 2019. The Company will provide shareholders with an update on the progress of such documentation by way of ASX announcement.

Following Completion, the Company will continue to assess and review the terms of various debt financing facilities that may be available and will re-engage with third party debt financiers if such terms are considered favourable to the Company (having regard to the terms detailed above). The Company will provide shareholders with an update via ASX announcement if it enters into any such arrangement with third party financiers.

As detailed above, as at the date of this Addendum, the Company is also presently in advanced discussions and negotiations with a third-party debt financier in respect to the provision of a trade finance facility:

- (i) to satisfy the Company's obligation to pay the Accounts Receivable Amount; and
- (ii) for ongoing trade finance and working capital purposes,

(being the **Tranche B Debt Financing**). The Company may grant up to 60 million Options on terms to be negotiated between the financier and the Company under the Tranche B Debt Financing. The Options will be issued under the Company's existing Listing Rule 7.1 capacity.

The Company will provide shareholders with an update on this debt financing via a further ASX announcement.

Refer to the ASX announcement dated 18 March 2019 for further details on the Term Sheet and Tranche B Debt Financing.

Section 4.5 of the Explanatory Memorandum accompanying is removed and replaced with the following:

4.5 Amending Deed - Manufacturing Agreement

The Majority Vendor Group currently manufactures 100% of the LIFX Products pursuant to a manufacturing agreement (**Existing Manufacturing Agreement**).

It is a condition precedent of the Merger Agreement that Eastfield and the Company enter into a deed of amendment in respect to the Existing Manufacturing Agreement (**Amending Deed**) such that after Completion, the Majority Vendor Group will continue to manufacture 100% of all lighting products for the Buddy Group (including the LIFX Products) until the Loan Agreement is repaid. Effective from Completion, pursuant to the Amending Deed, following repayment of the Loan Agreement, the Majority Vendor will continue to manufacture at least 80% of the LIFX Products and at least 50% of any New LIFX Products for the remainder of the 3-year period from Completion.

Pursuant to the Term Sheet, it is proposed that the exclusivity period under the Amending Deed will be extended to the date on which all amounts owing under the Loan and the New LoC are repaid.

Section 4.6 of the Explanatory Memorandum accompanying is removed and replaced with the following:

4.6 Loan Agreement

In connection with the Existing Manufacturing Agreement, Eastfield presently provides a rotating line of credit to LIFX (**LoC**) which, as at the date of this Notice, is drawn down to approximately US\$16 million (**Drawn Down Amount**).

It is a condition precedent of the Merger Agreement that Eastfield, the Company and LIFX enter into a loan agreement (**Loan Agreement**), pursuant to which the LoC will be terminated. Under the terms of the Term Sheet, the Company, Eastfield and LIFX will amend (amongst other matter) the payment date and repayment terms under the Loan Agreement and it is proposed that the Company and LIFX will, effective from Completion, repay the Drawn Down Amount (as it stands at Completion) as follows:

- (a) an issue of such number of Shares equivalent to US\$5 million to Eastfield based on the 5-trading day VWAP of Shares on the ASX prior to the Meeting (**Eastfield Shares**) at Completion;
- (b) a lump sum cash instalment equal to 100% of the balance of LIFX's accounts receivable due from LIFX's retail partners (**Accounts Receivable Amount**); and
- (c) a lump sum cash instalment equal to the remaining balance on or before 31 December 2019 in two tranches (refer to Section 4.4(b) for further details) (**Final Instalment Amount**).

At Completion, LIFX and the Company anticipates that the Accounts Receivable Amount will be approximately US\$5.4 million and the Final Instalment Amount will be approximately US\$6.4 million.

The Company intends to raise the funds required to pay the Accounts Receivable Amount via the Tranche B Debt Financing (refer to Section 4.4(b) for further details).

It is proposed that the Final Instalment Amount will be paid via LIFX's ongoing operating cash (refer to Schedule 3 for further details). The Company will guarantee LIFX's obligations under the Loan Agreement.

New definitions are added to Schedule 1 - Definitions and Interpretations as follows:

Loan has the meaning given in Section 4.4(b).

New LoC has the meaning given in Section 4.4(b).

June Repayment Amounts has the meaning given in Section 4.4(b).

Term Sheet has the meaning given in Section 4.4(b).

The following corrections are made to Schedule 6 of the Explanatory Memorandum:

The following struck-through figures in paragraph 2 are removed and replaced with the underlined figures as following:

2 Milestones

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

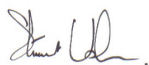
- 2.1 ~~4~~ 8,000,000 performance shares that will vest upon LIFX business contributing a cumulative A\$100 million to the Buddy Group in revenues within 18 months from Completion (**Class A Performance Share**);
- 2.2 ~~4~~ 8,000,000 performance shares that will vest upon LIFX business contributing a cumulative A\$200 million in revenues to the Buddy Group within 30 months from Completion (**Class B Performance Share**); and
- 2.3 ~~4~~ 8,000,000 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).

The following words underlined are inserted in paragraph 3.1:

3.1.3 any person acquires a relevant interest in 50.1% or more of the Shares by any other means.

(Change in Control Event).



By Order of the Board

Stuart Usher

Company Secretary

Dated: 18 March 2019

Enquiries: Shareholders should contact the Company Secretary on +61 499900044 if they have any queries in respect to this Addendum.



Buddy Platform Limited
ACN 121 184 316

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Buddy Platform 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 **11:00am (ACDT) on Saturday, 23 March 2019**, 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 using the reply paid envelope or:



ONLINE

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, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).



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 into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

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 SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

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 securities 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 securities 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 security 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 securities 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 securityholder 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 security registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE 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 Platform 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 General Meeting of the Company to be held at **11:00am (ACDT) on Monday, 25 March 2019 at Level 2, 333 King William Street, Adelaide, South Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

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

THIS PROXY FORM IS TO GO WITH THE ADDENDUM TO THE NOTICE OF GENERAL MEETING.

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 Issue of the Minority Vendor Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Election of Director – Marc Alexander	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Issue of Eastfield Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of the Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Adoption of Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Director Participation in Placement – Mr David McLauchlan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Director Participation in Placement – Mr Richard Borenstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Creation of a New Class of Securities – Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Issue of Securities to Marc Alexander	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Issue of Securities to Tim Peters	<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 SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder'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 PRX1901B