



**BUDDY TECHNOLOGIES LIMITED**

**ACN 121 184 316**

**NOTICE OF ANNUAL GENERAL MEETING**

**For the Annual General Meeting of the Company to be held at Ibis Adelaide,  
Engine Room, 122 Grenfell Street, Adelaide SA 5000 on 25 November 2019 at  
10am (ACDT)**

*This Notice of Meeting 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.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the  
Company Secretary on +61-499-900-044.*

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## IMPORTANT INFORMATION

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### BUDDY TECHNOLOGIES LIMITED

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## NOTICE OF GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Buddy Technologies Limited (**Company**) will be held at Ibis Adelaide, Engine Room, 122 Grenfell Street, Adelaide SA 5000 on 25 November 2019 at 10am (ACDT).

The Explanatory Statement provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 23 November 2019 at 6.30pm (ACDT).

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

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## BUSINESS OF THE MEETING

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### AGENDA

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### FINANCIAL STATEMENTS AND REPORTS

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To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2019, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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

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

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

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

#### **Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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## 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – JOHN VAN RUTH

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

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

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## 3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ROSEY BATT

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

*"That, pursuant to and in accordance with article 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Ms Rosey Batt, a Director, retires by rotation, and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Statement."*

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## 4. RESOLUTION 4 – AMENDMENT TO THE CONSTITUTION

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

*"That, pursuant to and in accordance with section 136 of the Corporations Act and for all other purposes, the Constitution be modified by making the amendment contained in the document tabled at the Meeting and signed by the Chair for the purposes of identification, on the terms and conditions in the Explanatory Statement."*

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## 5. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

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

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

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in the 10% Placement Facility or any person who might obtain a material benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares, or any associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

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## 6. RESOLUTION 6 – APPROVAL OF BUY-BACK OF SHARES

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

*"That, pursuant to and in accordance with section 257D of the Corporations Act and for all other purposes, Shareholders approve the buy-back by the Company of 12,000,000 Performance Shares from Mr Timothy*

*Peters on the terms of the Buy-Back Agreement, on the terms and conditions in the Explanatory Statement."*

**Voting Exclusion**

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

- (a) Mr Timothy Peters; or
- (b) an associate of Mr Timothy Peters.

The Company need not disregard a vote if:

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

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**Dated: 24 October 2019**

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'Stuart Usher', followed by a period.

**Mr Stuart Usher**  
**Company Secretary**

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## EXPLANATORY STATEMENT

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### 1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Ibis Adelaide, Engine Room, 122 Grenfell Street, Adelaide SA 5000 on 25 November 2019 at 10am (ACDT).

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

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

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### 2. ACTION TO BE TAKEN BY SHAREHOLDERS

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

#### 2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

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

Proxy Forms must be received by the Company no later than 11am (ACDT) on 24 November 2019, being at least 48 hours before the Meeting

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

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

A vote on Resolution 1 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

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

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise

the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

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### **3. FINANCIAL STATEMENTS AND REPORTS**

In accordance with section 317(1) of the Corporations Act the Annual Report must be laid before the Annual General Meeting. There is no requirement for Shareholders to approve the Annual Report.

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

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

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

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

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

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

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

#### **4.1 General**

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

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

The Chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

Resolution 1 is an ordinary resolution.

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

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



## 4.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 4.3 Previous voting results

The Remuneration Report did not receive a Strike at the 2018 annual general meeting. Please note if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2020 annual general meeting, this may result in the re-election of the Board.

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## 5. RESOLUTIONS 2 AND 3 - RE-ELECTION OF JOHN VAN RUTH AND ROSEY BATT

Article 14.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- (d) in determining the number of Directors to retire, no account is to be taken of:
  - (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or
  - (ii) a managing director,each of whom are exempt from retirement by rotation.

Pursuant to Resolutions 2 and 3, John van Ruth and Rosey Batt, retire by rotation and seek re-election as Directors.

Details of the qualifications and experience of John van Ruth and Rosey Batt are in the Annual Report.

Resolutions 2 and 3 are ordinary resolutions.

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

The Board (excluding John van Ruth and Rosey Batt) supports the re-election of John van Ruth and Rosey Batt respectively and recommends that Shareholders vote in favour of Resolutions 2 and 3.

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## **6. RESOLUTION 4 – AMENDMENT TO THE CONSTITUTION**

### **6.1 General**

It is proposed that the Constitution be updated to comply with proposed changes to the Listing Rules and to enable the Company to better function in accordance with its constituent documents. The modified Constitution has been notified to ASX as required under the Listing Rules.

Resolution 4 seeks Shareholder approval for the modification of the Constitution in accordance with section 136 of the Corporations Act.

A copy of the modified Constitution will be sent to any Shareholder on request and will also be available for inspection at the office of the Company during normal business hours prior to the Meeting and available for the inspection at the Meeting.

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

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

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

### **6.2 Summary of proposed modifications**

Articles 2.12, 8.5(c) and 22.10 currently provide as follows:

- 2.12**     *The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities. Without limiting the generality of the above:*
- (a)       *Restricted Securities cannot be disposed of during the escrow period except as permitted by the Listing Rules or the ASX;*
  - (b)       *the Company will refuse to acknowledge a disposal (including registering a transfer), assignment or transfer of Restricted Securities during the escrow period except as permitted by the Listing Rules or the ASX; and*
  - (c)       *during a breach of the Listing Rules relating to Restricted Securities or a breach of a restriction agreement the holder of the Restricted Securities is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.*
- 8.5(c)**     *The Directors may refuse to register any transfer of Shares (other than an ASX Settlement Transfer) where the transfer is a transfer of Restricted Securities which is or might be in breach of the Listing Rules or any escrow agreement entered into by the Company in relation to such Restricted Securities pursuant to the Listing Rules.*
- 22.10**     *In the event of a breach of the Listing Rules relating to Restricted Securities or of any escrow arrangement entered into by the Company under the Listing Rules in relation to any Shares which are classified under the Listing Rules or by ASX as Restricted Securities, the Shareholder holding the Shares in question shall cease to be entitled to be paid any dividends in respect of those Shares for so long as the breach subsists.*

By Resolution 4, the Company seeks Shareholder approval to delete Articles 2.12, 8.5(c) and 22.10 in their entirety and include a new Article 2.12 of the Constitution as follows:

## 2.12 Restricted Securities

*The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities. Without limiting the generality of the above:*

- (a) *a holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX;*
- (b) *if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the escrow period applicable to those securities;*
- (c) *the Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer), of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or the ASX;*
- (d) *a holder of Restricted Securities will not be entitled to participate in any return of capital on those Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX; and*
- (e) *if a holder of Restricted Securities breaches a restriction deed or a provision of the Constitution restricting a Disposal of those Restricted Securities, the holder will not be entitled to any dividend or distribution or to exercise any voting rights, in respect of those Restricted Securities for so long as the breach continues.*

*For the purposes of this article 2.12, **Dispose** has the meaning given to it in the Listing Rules and **Disposal** has the corresponding meaning.*

## 6.3 Reasons for the proposed modifications

Changes to the Listing Rules will commence on 1 December 2019 which will require a listed entity's constitution to contain certain provisions regarding Restricted Securities if the entity has any Restricted Securities on issue. Although the Company does not presently have any Restricted Securities on issue and does not have any present intentions to undertake a transaction which would result in the issue of Restricted Securities, the Board considers it prudent to take this opportunity to update the Constitution to ensure it complies with these new requirements.

With effect from 1 December 2019, ASX intends to apply a two-tier escrow regime where ASX can require certain more significant holders of Restricted Securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A of the Listing Rules, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holders of restricted securities and to simply give a notice to the holders of Restricted Securities in the form to be set out in an appendix to the Listing Rules, advising them of those restrictions.

To facilitate the operation of the new two-tier escrow regime, certain changes are required to the customary provisions of constitutions of ASX-listed entities regarding Restricted Securities.

## 6.4 Directors recommendation

The Directors recommend that Shareholders vote in favour of Resolution 4.

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## 7. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY

### 7.1 General

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

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$45,055,121, being less than \$300 million. Accordingly, the Company is an eligible entity.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c)).

The Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

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

## **7.2 Listing Rule 7.1A**

### **(a) Shareholder approval**

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

### **(b) Equity Securities**

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

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

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

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

**(A x D) – E**

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

- (A) plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of Shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without Shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

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

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

At the date of the Notice, the Company has on issue 2,145,481,969 Shares and therefore has a capacity to issue:

- (i) 321,822,295 Equity Securities pursuant to Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 4, 214,548,197 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c)).

**(e) Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

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

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX,

(the **10% Placement Period**).

**7.3 Effect of Resolution**

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

**7.4 Specific information required by Listing Rule 7.3A**

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,
- which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.

The table also shows:

- (a) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (b) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.011 50% decrease in Issue Price	\$0.021 Issue Price	\$0.042 100% increase in Issue Price
Current Variable A Shares	10% Voting Dilution	215,548,197 Shares	215,548,197 Shares	215,548,197 Shares
	Funds raised	\$2,252,756	\$4,505,212	\$9,011,024
50% increase in current Variable A	10% Voting Dilution	321,822,295 Shares	321,822,295 Shares	321,822,295 Shares

<b>Shares</b>	<b>Funds raised</b>	\$3,379,134	\$6,758,268	\$13,516,536
<b>100% increase in current Variable A Shares</b>	<b>10% Voting Dilution</b>	429,096,394 Shares	429,096,394 Shares	429,096,394 Shares
	<b>Funds raised</b>	\$4,505,512	\$9,011,024	\$18,022,049

The table has been prepared on the following assumptions:

- (a) the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
- (b) no listed Options (including any listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- (c) the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- (d) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting;
- (e) the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- (f) the issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes listed Options, it is assumed that those listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders; and
- (g) the issue price is \$0.021 per Share, being the closing price of the Shares on ASX on 18 October 2019.

The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

The Company may seek to issue the Equity Securities for the following purposes:

- (a) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (b) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued development of on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (a) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (b) the effect of the issue of the Equity Securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisers (if applicable).

The subscribers under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2017 annual general meeting and did not obtain Shareholder approval under Listing Rule 7.1A at its 2018 annual general meeting. In the 12 months preceding the date of the Meeting the Company issued a total of 1,185,544,421 Equity Securities which represent 102% of the total number of Equity Securities on issue at 26 November 2018.

Refer to Schedule 1 for details of the Equity Securities issued in the preceding 12 months.

A voting exclusion statement is included in the Notice for Resolution 5.

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## 7.5 Director Recommendation

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

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## 8. RESOLUTION 6 – APPROVAL OF BUY-BACK OF SHARES

### 8.1 Background

On 1 April 2019, the Company issued 12,000,000 Performance Shares to Mr Timothy Peters as part of his remuneration as the Chief Executive Officer of LIFX. The Performance Shares have not yet vested and are subject to the following vesting conditions:

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

The full terms of the Performance Shares issued to Mr Peters are outlined in Schedule 2. Pursuant to Mr Peters' terms of employment with the Company, Mr Peters has agreed that the Performance Shares will lapse if Mr Peters ceases employment with the Company. On 11 August 2019, Mr Timothy Peters ceased to be an employee of the Company.

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

Resolution 6 seeks approval for the Company to buy back a total of 12,000,000 Performance Shares from Mr Timothy Peters as he has ceased employment with the Company.



Resolution 6 therefore seeks approval of Shareholders to buy-back the Performance Shares issued to Mr Timothy Peters in the 3 month period following the Meeting.

If Resolution 6 is passed, Shareholder approval for the Buy-Back under section 257D of the Corporations Act will remain current for 3 months after the Meeting.

## **8.2 Corporations Act requirements for the buy-back**

A company may buy-back its own shares if:

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

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

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

Resolution 6 is a special resolution and therefore requires at least 75% of votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or in the case of a corporate shareholder, by a corporate representative) to approve the Resolution.

## **8.3 Terms of the buy-back and buy-back agreements**

The Company will in the 3 month period following the Meeting enter into a buy-back agreement with Mr Timothy Peters (**Buy-Back Agreement**).

The terms of the Buy-Back Agreement are conditional on Shareholder approval of Resolution 6. Subject to and after Shareholder approval of Resolution 6, the Company intends to enter into and execute the Buy-Back Agreement for the relevant Performance Shares with Mr Timothy Peters.

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

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

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

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

As at the date of this Notice there are 2,145,481,969 Shares and 55,833,334 Performance Shares (24,000,000 of the Performance Shares are issued pursuant to the acquisition of LIFX), which have not yet vested, on issue.

Shareholder approval is being sought pursuant to Resolution 6 to allow the Company to buy-back the 12,000,000 Performance Shares issued to Mr Peters, over the 3 month period following the Meeting.

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

If the Company buys-back 12,000,000 Performance Shares in the 3 month period following the Meeting and assuming the Company does not issue any new Shares in the 3 month period following

the Meeting, the number of Shares on issue in the Company's issued capital will remain the same and the number of Performance Shares will reduce to 43,833,334 Performance Shares on issue.

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

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

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

The Company has 2,145,481,969 Shares and 55,833,334 Performance Shares on issue. The Performance Shares to be bought back represent approximately 0% of the Company's issued share capital, as the Performance Shares have not yet vested. If the buy-backs are completed, the Company will have 43,833,334 Performance Shares on issue. Accordingly, the buy-backs will not have an effect on the control of the Company.

#### **8.6 Advantages and disadvantages of the buy-back**

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

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

#### **8.7 Current market price**

To provide an indication of the recent market price of the Company's Shares, the closing price on Monday, 21 October 2019 was \$0.021. The highest and lowest market sale prices for the Company's Shares on the ASX during the previous 3 months were as follows:

Month	Low	High
July 2019	\$0.044	\$0.055
August 2019	\$0.033	\$0.046
September 2019	\$0.020	\$0.027

#### **8.8 Directors' Recommendation for Resolution 6**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6 to approve the buy-back because they believe the advantages of the buy-back outweigh the disadvantages.

The Chair intends to vote undirected proxies in favour of this Resolution 6.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Facility** has the meaning given to that term in Section 7.1.

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

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

**Annual General Meeting or Meeting** means the meeting convened by the Notice.

**Annual Report** means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2019.

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

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

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

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

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

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

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

**Buy-Back Agreement** has the meaning given in Section 8.3.

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

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

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

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

**Completion** has the meaning given in Section 8.1.

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

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

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

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

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

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

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

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

**LIFX** means Lifi Labs, Inc.

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

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

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

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

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

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

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

**Restricted Securities** has the same meaning as in the Listing Rules.

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

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

**Spill Meeting** has the meaning given in Section 8 of the Explanatory Memorandum.

**Spill Resolution** has the meaning given in Section 4 of the Explanatory Memorandum.

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

**SCHEDULE 1 - EQUITY SECURITIES ISSUED IN THE PRECEDING 12 MONTHS**

No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
							Total consideration:	
1.	31-Jan 2019	4,753,478	Fully Paid Ordinary Shares	486,704 Fully Paid Ordinary Shares issued on conversion of Performance Rights to various employees under the plan.  4,266,774 Fully Paid Ordinary Shares issued on conversion of Employee Incentive Performance Rights to various employees under the plan.	Nil Price	N/A	Total consideration:	Nil
							If cash consideration, amount of consideration spent (A\$):	n/a
							If cash consideration, what consideration was spent on:	n/a
							If cash consideration, intended use for remaining consideration:	n/a
							If non cash consideration, current value:	Nil
2.	27-Feb 2019	390,456	Fully Paid Ordinary Shares	55,893 Fully Paid Ordinary Shares issued on conversion of Performance Rights to various employees under the plan.  334,563 Fully Paid Ordinary Shares issued on conversion of Employee Incentive Performance Rights	Nil Price	N/A	Total consideration:	Nil
							If cash consideration, amount of consideration spent (A\$):	n/a
							If cash consideration, what consideration was spent on:	n/a
							If cash consideration, intended use for remaining consideration:	n/a

No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
				to various employees under the plan.			If non cash consideration, current value:	Nil
3.	29-Mar 2019	1,001,458	Fully Paid Ordinary Shares	1,001,458 Fully Paid Ordinary Shares issued on conversion of Employee Incentive Performance Rights	Nil Price	N/A	Total consideration	Nil
							Total consideration	n/a
							Total consideration:	n/a
							Total consideration:	n/a
							If cash consideration, amount of consideration spent (A\$):	Nil
4.	29-Mar 2019	226,250,000	Fully Paid Ordinary Shares	Sophisticated and professional investors	\$0.08	Premium 20% to market price on date of allotment	If cash consideration, what consideration was spent on:	Nil
							If cash consideration, intended use for remaining consideration:	-
							If non cash consideration, current value:	-
							Total consideration:	\$18,100,000
							Total consideration:	\$18,100,000
							If cash consideration, amount of consideration spent (A\$):	\$18,100,000

No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
							If cash consideration, what consideration was spent on:	Payment of Majority vendor Consideration, Minority Vendor Cash Consideration and the accounts receivable amount in respect to the acquisition of Lifi Labs, Inc (LIFX) as approved by shareholders on 25 March 2019.
							If cash consideration, intended use for remaining consideration:	-
							If non cash consideration, current value:	-

No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
5.	1-Apr 2019	2,222,222 12,000,000 12,000,000	<p>Fully Paid Ordinary Shares</p> <p>Performance Rights that will vest over the period from the date of issue until the date that is 4 years after issue as follows:</p> <ul style="list-style-type: none"> <li>One quarter one year following issue and</li> <li>One-sixteenth each quarter thereafter.</li> </ul> <p>Refer to the notice of meeting dated 22 February 2019 for the terms and conditions of the Performance Rights.</p> <p>Performance Shares that will convert upon the satisfaction of any one of the following milestones before the applicable expiry date:</p> <ul style="list-style-type: none"> <li>4,000,000 performance shares that will vest upon LIFX business contributing a cumulative \$100 million to the Buddy Group in revenues within 18 months from issue;</li> <li>4,000,000 performance shares that will vest upon LIFX business contributing a cumulative \$200 million to the Buddy Group in revenues within 30 months from issue;</li> </ul>	<p>Mr Marc Alexander</p> <p>Mr Marc Alexander</p> <p>Mr Marc Alexander</p>	<p>Nil</p> <p>Nil</p> <p>Nil</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>Total consideration:\$</p>	
							If cash consideration, amount of consideration spent (A\$):	
							If cash consideration, what consideration was spent on:	



No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
			<ul style="list-style-type: none"> <li>4,000,000 performance shares that will vest upon LIFX business contributing a cumulative \$250 million to the Buddy Group in revenues within 36 months from issue.</li> </ul> <p>Refer to the notice of meeting dated 22 February 2019 for the terms and conditions of the Performance Shares.</p>				<p>If cash consideration, intended use for remaining consideration:</p>	
							<p>If non cash consideration, current value:</p>	Issued in accordance with an employment agreement
6.	1-Apr 2019	2,222,222	Fully Paid Ordinary Shares	Mr Tim Peters	Nil	N/A	Total consideration:\$	-
		12,000,000	Performance Rights that will vest over the period from the date of issue until the date that is 4 years after issue as follows:	Mr Tim Peters	Nil	N/A		
		12,000,000	<ul style="list-style-type: none"> <li>One quarter one year following issue and</li> <li>One-sixteenth each quarter thereafter.</li> </ul> <p>Refer to the notice of meeting dated 22 February 2019 for the terms and conditions of the Performance Rights.</p>	Mr Tim Peters	Nil	N/A	<p>If cash consideration, amount of consideration spent (A\$):</p>	
							<p>If cash consideration, what consideration was spent on:</p>	
							<p>If cash consideration, intended use for remaining consideration:</p>	

No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
			<p>Performance Shares that will convert upon the satisfaction of any one of the following milestones before the applicable expiry date:</p> <ul style="list-style-type: none"> <li>4,000,000 performance shares that will vest upon LIFX business contributing a cumulative \$100 million to the Buddy Group in revenues within 18 months from issue;</li> <li>4,000,000 performance shares that will vest upon LIFX business contributing a cumulative \$200 million to the Buddy Group in revenues within 30 months from issue;</li> <li>4,000,000 performance shares that will vest upon LIFX business contributing a cumulative \$250 million to the Buddy Group in revenues within 36 months from issue.</li> </ul> <p>Refer to the notice of meeting dated 22 February 2019 for the terms and conditions of the Performance Shares.</p>				<p>If non cash consideration, current value:</p>	<p>Issued in accordance with an employment agreement</p>
7.	1-Apr 2019	337,794,623	Fully Paid Ordinary Shares	Issued to certain minority vendors in accordance with the LIFX acquisition (Shareholder)	\$0.0759	Premium 23.6% to market price on date of allotment	Total consideration:	\$25,638,612
							If cash consideration, amount of consideration spent (A\$):	-

No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
				approval was received at a General Meeting held on 25 March 2019, Resolution 1)			If cash consideration, what consideration was spent on:	-
							If cash consideration, intended use for remaining consideration:	-
							If non cash consideration, current value:	\$25,638,612 <sup>1</sup>
8.	3-Apr 2019	130,197,956	Fully Paid Ordinary Shares	89,853,551 Fully Paid Ordinary Shares issued to Eastfield as part payment under a loan agreement, in accordance with the LIFX acquisition (Shareholder approval was received at a General Meeting held on 25 March 2019, Resolution 2)	\$0.0759	Premium 27.5% to market price on date of allotment	Total consideration:	\$9,882,025
							If cash consideration, amount of consideration spent (A\$):	-
							If cash consideration, what consideration was spent on:	-
							If cash consideration, intended use for remaining consideration:	-

<sup>1</sup> Current value based on an issue price of \$0.021, as at 18 October 2019.

No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
				40,344,405 Fully Paid Ordinary Shares issued to certain minority vendors in accordance with the LIFX acquisition (Shareholder approval was received at a General Meeting held on 25 March 2019, Resolution 1)			If non cash consideration, current value:	\$2,734,157 <sup>2</sup>
9.	1-Apr 2019	100,000,000	Options – exercisable at \$0.0759 per option expiring 01/04/2024	Issued to Eastfield as part payment under a loan agreement.	Nil	N/A	Total consideration:	-
							If cash consideration, amount of consideration spent (A\$):	-
							If cash consideration, what consideration was spent on:	-
							If cash consideration, intended use for remaining consideration:	-
							If non cash consideration, current value:	-

<sup>2</sup> Current value based on an issue price of \$0.021, as at 18 October 2019.

No.	Date of Issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
10.	30-Apr 2019	1,068,743	Fully Paid Ordinary Shares	1,068,743 Fully Paid Ordinary Shares issued on conversion of Employee Incentive Performance Rights issued to various employees under the plan	Nil Price	N/A	Total consideration:	Nil
							If cash consideration, amount of consideration spent (A\$):	n/a
							If cash consideration, what consideration was spent on:	n/a
							If cash consideration, intended use for remaining consideration:	n/a
							If non cash consideration, current value:	-
11.	10-May 2019	1,615,625	Fully Paid Ordinary Shares	1,615,625 Fully Paid Ordinary Shares issued on conversion of Employee Incentive Performance Rights to various employees under the plan	Nil Price	N/A	Total consideration:	Nil
							If cash consideration, amount of consideration spent (A\$):	n/a
							If cash consideration, what consideration was spent on:	n/a
							If cash consideration, intended use for remaining consideration:	n/a
							If non cash consideration, current value:	-
12.	10-May 2019	4,902,500			Nil	N/A	Total consideration:	Nil

No.	Date of Issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
			Employee Incentive Performance Rights that will vest over the period from the date of issue until the date that is 4 years after issue as follows: <ul style="list-style-type: none"> <li>One quarter one year following issue and</li> <li>One-sixteenth each quarter thereafter.</li> </ul> Refer to the notice of meeting dated 22 February 2019 for the terms and conditions of the Employee Incentive Plan.	Various holders under the Employee Incentive Performance Plan			If cash consideration, amount of consideration spent (A\$):	n/a
							If cash consideration, what consideration was spent on:	n/a
							If cash consideration, intended use for remaining consideration:	n/a
							If non cash consideration, current value:	-
							Total consideration:	Nil
13.	31-May 2019	1,634,809	Fully Paid Ordinary Shares	1,634,809 Fully Paid Ordinary Shares issued on conversion of Employee Incentive Performance Rights	Nil Price	N/A	If cash consideration, amount of consideration spent (A\$):	n/a
							If cash consideration, what consideration was spent on:	n/a
							If cash consideration, intended use for remaining consideration:	n/a
							If non cash consideration, current value:	-
							Total consideration:	Nil
14.	31-May 2019							

No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
		5,700,000	Employee Incentive Performance Rights that will vest over the period from the date of issue until the date that is 4 years after issue as follows: <ul style="list-style-type: none"> <li>One quarter one year following issue and</li> <li>One-sixteenth each quarter thereafter.</li> </ul> Refer to the notice of meeting dated 22 February 2019 for the terms and conditions of the Employee Incentive Plan.	Various holders under the Employee Incentive Performance Plan	Nil	N/A	If cash consideration, amount of consideration spent (A\$):	n/a
							If cash consideration, what consideration was spent on:	n/a
							If cash consideration, intended use for remaining consideration:	n/a
							If non cash consideration, current value:	-
							Total consideration:	Nil
15.	25-Jun 2019	713,408	Fully Paid Ordinary Shares	713,408 Fully Paid Ordinary Shares issued on conversion of Employee Incentive Performance Rights to various employees under the plan	Nil Price	N/A	If cash consideration, amount of consideration spent (A\$):	n/a
							If cash consideration, what consideration was spent on:	n/a
							If cash consideration, intended use for remaining consideration:	n/a
							If non cash consideration, current value:	-
16.	25-Jun 2019						Total consideration:	Nil

No.	Date of Issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
		14,586,255	Fully Paid Ordinary Shares	14,586,255 Fully Paid Ordinary Shares issued on conversion of Employee Incentive Plan to Mr Tim Peters	Nil Price	N/A	If cash consideration, amount of consideration spent (A\$):	n/a
							If cash consideration, what consideration was spent on:	n/a
							If cash consideration, intended use for remaining consideration:	n/a
							If non cash consideration, current value:	-
							Total consideration:	\$3,721,287
17.	25-Jun 2019	49,028,811	Fully Paid Ordinary Shares	49,028,811 Fully Paid Ordinary Shares issued to certain minority vendors in accordance with the LIFX acquisition (Shareholder approval received on 25 March 2019, Resolution 1)	\$0.0759	Discount 5.4% to market price on date of allotment	If cash consideration, amount of consideration spent (A\$):	n/a
							If cash consideration, what consideration was spent on:	n/a
							If cash consideration, intended use for remaining consideration:	n/a



No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
							If non cash consideration, current value:	\$1,029,605 <sup>3</sup>
18.	25-Jun 2019	1,100,000	Employee incentive Performance Rights that will vest over the period from the date of issue until the date that is 4 years after issue as follows: <ul style="list-style-type: none"> <li>One quarter one year following issue and</li> <li>One-sixteenth each quarter thereafter.</li> </ul> Refer to the notice of meeting dated 22 February 2019 for the terms and conditions of the Performance Rights.	Various holders under the Employee Incentive Rights Plan	Nil	N/A	Total consideration:	Nil
							If cash consideration, amount of consideration spent (A\$):	
							If cash consideration, what consideration was spent on:	
							If cash consideration, intended use for remaining consideration:	
							If non cash consideration, current value:	Nil
19.	25-Jun 2019	532,765	Employee Incentive Options issued pursuant to the Employee Incentive Plan. Refer to the notice of meeting dated 22 February 2019 for the terms and conditions of the Employee Incentive Plan.	Various holders under the Employee Incentive Rights Plan	Nil	N/A	Total consideration:	Nil
							If cash consideration, amount of consideration spent (A\$):	
							If cash consideration, what consideration was spent on:	

<sup>3</sup> Current value based on an issue price of \$0.021, as at 18 October 2019.

No.	Date of Issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
							If cash consideration, intended use for remaining consideration:	
							If non cash consideration, current value:	Nil
20.	31-Jul 2019	1,621,556	Ordinary Fully Paid Shares	1,621,556 Fully Paid Ordinary Shares issued on conversion of Employee Incentive Performance Rights to various employees under the plan	Nil	N/A	Total consideration:	Nil
							If cash consideration, amount of consideration spent (A\$):	
							If cash consideration, what consideration was spent on:	
							If cash consideration, intended use for remaining consideration:	
							If non cash consideration, current value:	Nil
21.	19-Sep 2019	250,641,234	Ordinary Fully Paid Shares	Various Professional and sophisticated investors under a placement announced on 11 Sep-2019	\$0.02	Discount 16.7%	Total consideration:	\$5,012,825
							If cash consideration, amount of consideration spent (A\$):	\$2,000,000 on operating expenditure and growth of the consumer and commercial business
							If cash consideration, what consideration was spent on:	

No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
							If cash consideration, intended use for remaining consideration:	If cash consideration, intended use for remaining consideration: expenditure and growth of the consumer and commercial business
22.	19-Sep 2019	4,842,606	Ordinary Fully Paid Shares	4,842,606 Fully Paid Ordinary Shares issued to various employees on conversion of Performance Rights	Nil	N/A	If non cash consideration, current value:	nil
							Total consideration:	Nil
							If cash consideration, amount of consideration spent (A\$):	
							If cash consideration, what consideration was spent on:	
							If cash consideration, intended use for remaining consideration:	
23.	19-Sep 2019	19,056,563	Ordinary Fully Paid Shares	19,056,563 Fully Paid Ordinary Shares issued to various employees on conversion of Employee Incentive Performance Rights	Nil	N/A	If non cash consideration, current value:	Nil
							Total consideration:	Nil
							If cash consideration, amount of consideration spent (A\$):	
							If cash consideration, what consideration was spent on:	

No.	Date of issue	Number	Class	Persons to whom the securities were issued	Issue price (A\$)	Discount/Premium to market price (per cent.)	Consideration	
							If cash consideration, intended use for remaining consideration:	
							If non cash consideration, current value:	Nil
							Total consideration:	Nil
							If cash consideration, amount of consideration spent (A\$):	
							If cash consideration, what consideration was spent on:	
							If cash consideration, intended use for remaining consideration:	
							If non cash consideration, current value:	Nil
24.	19-Sep 2019	26,915,938	Employee Incentive Performance Rights that will vest over the period from the date of issue until the date that is 4 years after issue as follows: <ul style="list-style-type: none"> <li>One quarter one year following issue and</li> <li>One-sixteenth each quarter thereafter.</li> </ul> Refer to the notice of meeting dated 22 February 2019 for the terms and conditions of the Performance Rights.	26,915,938 Employee Incentive Performance Rights issued to various employees under the Employee Incentive Performance Rights Plan	Nil	N/A		

## SCHEDULE 2 - TERMS AND CONDITIONS OF PERFORMANCE SHARES

### 1 General

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

### 2 Milestones

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

- 2.1 4,000,000 performance shares that will vest upon LIFX business contributing a cumulative A\$100 million to the Buddy Group in revenues within 18 months from Completion (**Class A Performance Share**);
- 2.2 4,000,000 performance shares that will vest upon LIFX business contributing a cumulative A\$200 million in revenues to the Buddy Group within 30 months from Completion (**Class B Performance Share**); and
- 2.3 4,000,000 performance shares that will vest upon LIFX business contributing a cumulative A\$250 million in revenues to the Buddy Group within 36 months from Completion (**Class C Performance Share**),

(each referred to as a **Milestone**).

### 3 **Change in Control Event**

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

### 4 **Expiry Dates**

The expiry dates for the Performance Shares are as follows:

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

### 5 **Conversion of Performance Shares**

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

### 6 **Takeover Provisions**

- 6.1 If the conversion of Performance Shares (or part thereof) under item 2 or 3 would result in any person being in contravention of section 606(1) of the Corporations Act, then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1). Following a deferment under this item 6.1, the Company shall at all times be required to convert that number of Performance Shares that would not result in a contravention of section 606(1).

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

## **7 Quotation**

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

## **8 Conversion procedure**

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

## **9 Ranking of Shares**

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



**Buddy Technologies Limited**  
ACN 121 184 316

## LODGE YOUR VOTE



### ONLINE

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



### BY MAIL

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



### BY FAX

+61 2 9287 0309



### BY HAND

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



### ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474



**X99999999999**

## PROXY FORM

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

### APPOINT A PROXY



**the Chairman of the Meeting (mark box)**

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (ACDT) on Monday, 25 November 2019 at Ibis Adelaide, Engine Room, 122 Grenfell Street, Adelaide SA 5000 (the Meeting)** and at any postponement or adjournment of the Meeting.

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

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

### VOTING DIRECTIONS

**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.**

**Please read the voting instructions overleaf before marking any boxes with an ☒.**

#### Resolutions

**1** Adoption of Remuneration Report

**For Against Abstain\***

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

**5** Approval of 10% Placement Capacity

**For Against Abstain\***

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

**2** Re-election of Director – John van Ruth

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

**6** Approval of Buy-Back of Shares

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

**3** Re-election of Director – Rosey Batt

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

**4** Amendment to the Constitution

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------



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

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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

**BUD PRX1904C**



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

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

### APPOINTMENT OF PROXY

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

### DEFAULT TO CHAIRMAN OF THE MEETING

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

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

### APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

### SIGNING INSTRUCTIONS

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

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

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

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

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

### CORPORATE REPRESENTATIVES

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

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (ACDT) on Saturday, 23 November 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](http://www.linkmarketservices.com.au)

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



#### BY MOBILE DEVICE

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

#### QR Code



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



#### BY MAIL

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



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138

\* During business hours (Monday to Friday, 9:00am–5:00pm)



### COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

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