Buddy Technologies Limited

ASX: BUD
ACN: 121 184 316

YEAR ENDED
30 JUNE 2020

Annual Report

Contents

This annual report covers the Buddy Technologies Limited Group, consisting of Buddy Technologies Limited ("Buddy" or the "Company") (previously known as Buddy Platform Limited) and its subsidiaries. The financial report is presented in Australian dollars.

ACN: 121 184 316

Corporate Information

Directors:

Richard Borenstein
Non-Executive Chairman

David McLauchlan
Group CEO & Executive Director

John van Ruth
Non-Executive Director

Rosey Batt
Non-Executive Director

Company Secretary:

Ben Secrett

Chief Financial Officer:

Richard Jacroux

Lawyers:

Thomson Geer

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

Auditors:

RSM Australia Partners

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55 Collins Street
Melbourne, VIC 3000

Home Stock Exchange:

Australian Securities Exchange Limited

Level 40, Central Park
152-158 St George's Terrace
Perth, WA 6000

ASX Code:

BUD (Ordinary Shares)

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Adelaide, SA 5000

Phone: 1-800-831-317
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Lifi Labs Management Pty Ltd:

105 Dover Street
Cremorne, VIC 3121

Phone: (03) 9141 1155

Share Registry:

Link Market Services Limited

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250 St Georges Terrace
Perth, WA 6000

Phone: +61 1300 554 474
www.linkmarketservices.com.au

Bankers:

Westpac Banking Corporation
108 Stirling Highway
Nedlands WA 6009

Commonwealth Bank
100 King William Street
Adelaide, SA 5000

ACN: 121 184 316

Reports.

Chairman's Report

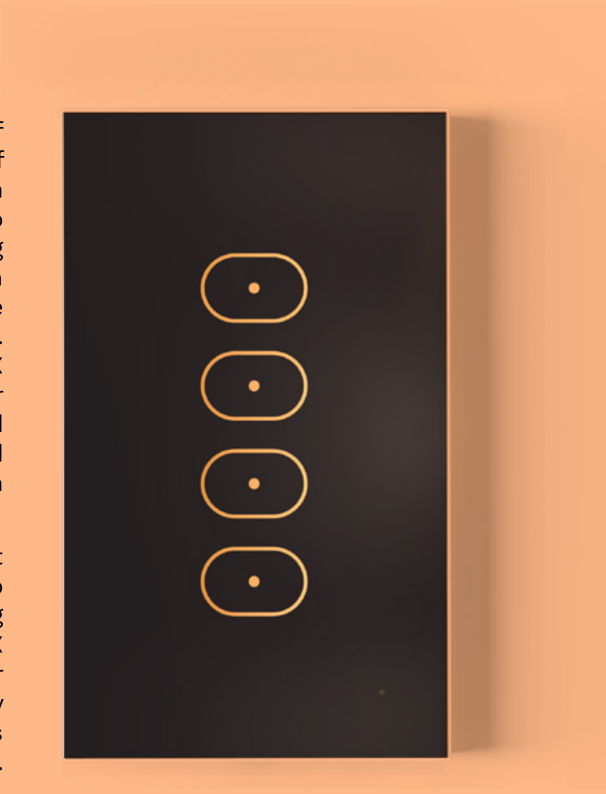
The Board of Buddy Technologies Limited (Buddy) is pleased to present to our shareholders the Buddy Technologies Annual Report for the year ended 30 June 2020.

There is little that can be said about the second half of this fiscal year (FY2020) that hasn't been said many times before. It was a time of isolation, apprehension and constant adjustment to whatever the "new-normal" was at any particular time. It was a year that tested the strongest of us and at the same time, made us count our blessings. I'm very proud of the way the Buddy team came together in the face of adversity, leaving us stronger than ever going into fiscal year 2021.

Over the past 15 months since we completed the purchase of LIFX, we have been aiming at only one objective: build the LIFX brand into a global leader for intelligent lighting products. We could accomplish this goal by growing internationally and through significant product innovation. Producing game changing new lighting products, supported by our great, easy to use software, became our mission. It took more time than we hoped and frankly required more capital than we had available at times, but our team came through. We had our share of COVID-19 related setbacks, but on-balance our employees responded and overcame the disruptions. In my opinion, "the curve is up".

Commercial Division

As shareholders you are aware that we have two major lines of business, Commercial and Consumer. The Commercial side of our business has gone through quite a significant reorganization this past year and has come out the better for it. Just prior to the fiscal year we reorganized our Ohm business by introducing new hardware from WattWatchers and a newly refreshed Ohm portal. In FY20, both of these assets provided far more value for our customers in the energy monitoring and auditing space. We also signed three new customers who are utilizing our LIFX Control Module to effectuate voice-controlled actions of their various hardware products. Finally, we renewed and upgraded our relationship with Airstream, whose use of the Buddy designed "Smart Control Technology" has allowed them to offer a much improved, technologically current product offering.



Our Commercial division was profitable for most of the year, but was impacted more by a slowdown in new installations due to COVID-19 restrictions. Commercial management is anticipating a major boost in business due to the impending release of LIFX Switch in the United States, as we continue to expand our rollout in Australia and New Zealand. In addition, we are actively pursuing new commercial lighting and energy management tools to expand our brand into offices, factories and other businesses.

Consumer Division

The Consumer Division, otherwise known as LIFX, has had more news this past year than I can effectively summarize. From the introduction of our new multi-colored LIFX Candle product in July to the super successful, inexpensive LIFX White light shipped just as the year was ending, our product plate has been quite full. In addition, a complete rewrite of the LIFX app was released in Q3 and a re emphasis on online sales due to COVID-19 was initiated. In fact, LIFX has multiple possibilities for growth that are only limited by the fact that we can't do them all and need to prioritize.

Our fourth fiscal quarter, despite COVID-19, was our most encouraging to date as we greatly reduced our losses and started receiving orders for the holiday period ahead. We received our first major order of our low cost LIFX White on April 1 and then continued to announce more orders subsequently. We announced a new partnership with Microsoft to control our lights based on Office 365 or partner integrated events, expanded our European distribution significantly and commenced the repackaging of our entire line of products in new, more attractive and environmentally friendly packaging.

Leadership Progression

As our organization has changed, so has our management. Probably the most significant changes relate to our LIFX consumer business. The CEO and CTO of LIFX both left Buddy during the year. We were of course sorry to see them go, but have reorganized the company in a way that I think makes it even stronger and more efficient. Don Hicks, our new Global Head of Sales came on board in mid April and has done an incredible job getting our products into new retail and online consumer-oriented retailers.

The Future is Bright

My involvement with Buddy now extends to 9 years in length - nearly its entire history. I have seen the Company's prospects rise and fall over time and I have been involved in much of the change that has occurred in our market approach, product lines and management. At no time in the past have I seen quite as much momentum going into the next fiscal year. The level of commitment, innovation and collaboration of our board, management and employees is gratifying. We have pulled together in the face of challenges and come out stronger. We remain committed to creating lasting equity in our products and building shareholder value over time.

I look forward to continuing this journey with you, our shareholders.

Sincerely,

Richard N. Borenstein
Chairman of the Board

ACN: 121 184 316

Message from the CEO

Dear Fellow Shareholders,

It feels somewhat trite to suggest that this past year has been unlike any we've encountered before, and yet there's hardly a more true statement that could be made. As we sit here and contemplate the year gone, and the year to come, it is incredible to comprehend the change that we've all had to embrace in our lives. For an emerging business such as ours, that change has been personal for our people, professional for our business and wide-ranging for our industry. Especially given the fact that the majority of our people reside in Melbourne, Australia - where very severe lockdowns and curfews have been in place for extended periods of time - it goes without saying that we've felt the impact of the COVID-19 pandemic as much as anyone.

However, our team has risen to meet these challenges, and when we look back on FY2020 in years to come, I'm confident that we'll consider this the year we built the foundation for a growing, strong and profitable global business in the years that follow.

If FY2020 was defined by a single theme, it was consolidation. We entered the year having just completed the acquisition of LIFX - one of the world's leading manufacturers of consumer smart lights - and having just completed the restructuring of our commercial business (including a significant downsizing and ambitious overhaul to our go-to-market strategy). Over the course of FY2020, we streamlined the LIFX business, we cut costs, we focused our product development strategy, we found a profitable operating model for our commercial business and we re-organised our team to form a single, mission-driven group that sold products to consumer, commercial and industrial customers.

Beyond just consolidation though, this year we've reinvigorated innovation in the business. The Company's first jointly developed product (between the consumer and commercial teams) was released - the LIFX Switch. The LIFX mobile application had its largest redevelopment and redesign ever, and is now one of the most highly rated smart home mobile apps online. Our new low-cost US$9.99 smart light is expected to appeal to a category of customer that we've never had access to, and our retail partners are ordering them in volumes we never seen before. Our consumer engineering team was able to very meaningfully cost-reduce nearly all our smart light products, and our commercial team was able to substantially build out the Buddy Ohm offering to support profitable new scenarios like factory production line monitoring and efficiency auditing. Importantly, we took a stand against the COVID-19 pandemic by developing LIFX Clean - a product that addressed a growing worldwide concern about bacterial disinfection and surface cleanliness, which despite being LIFX's most tested product ever, was also developed faster than any product in the company's history.

As we now prepare for our busiest holiday period ever, we do so with a set of product and commercial offerings that far exceed anything the business has ever had. We are staffed with a team that is as strong as any we've ever had - and we find ourselves selling into a market that remained robust through the first wave of the COVID-19 pandemic, and is showing real signs of being as strong as ever in the coming holiday period.

This strength is multi-faceted. Our efforts to grow our European business are yielding results, and we expect to deliver record growth and record revenues in that market this year. Margin-wise, the business is performing very well. Our SKU-mix is an enormous contributor to margin performance right now, given our entry level US$9.99 smart light does

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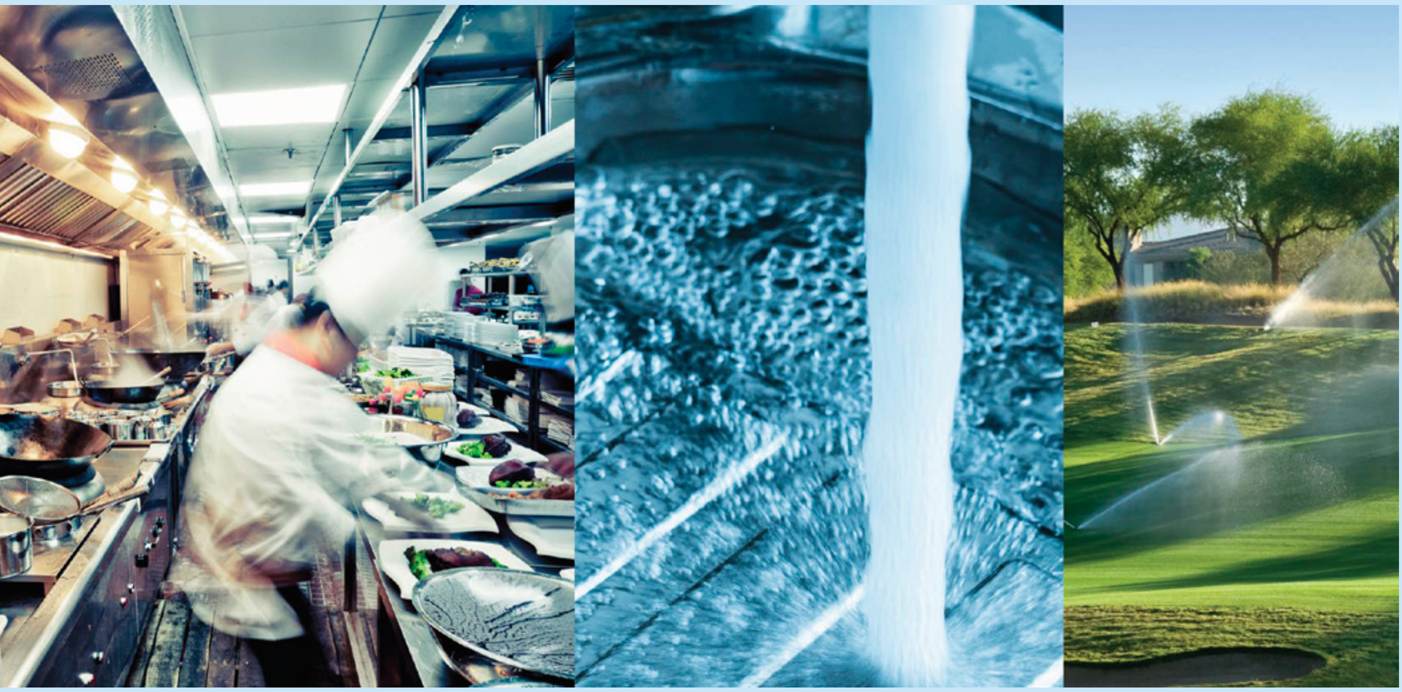
(by design) yield lower margins (but very high other-product attachment, with shopping carts overwhelmingly including other LIFX products as well). However, in our most recent ASX disclosure, we revealed high gross margin across the business, which is very healthy and a level we'll seek to sustain and even grow.

On behalf of our management team, I want to extend my deepest thanks to the worldwide Buddy team. The passion and compassion shown by this extraordinary group of people has served to inspire us all. Whether working on the mechanics of supply chain management, the testing of our new LIFX Clean antibacterial germicidal smart light, finessing our new environmentally friendly packaging, delivering market-leading control solutions in the RV market or simply helping customers better understand their energy consumption with Buddy Ohm, our people are united by the goal of making spaces smarter. In practice, this means making offices more productive, making production lines more efficient, making living rooms more inviting, making gaming more immersive, making camping more relaxing and making bedtime stories more engaging.

When we talk about making spaces smarter, we're talking about making the world a better place, one space at a time. It's an incredible mission to be on, and I couldn't be more proud to be leading the team who will deliver upon it. Thank you for joining us; thank you for your shareholding, and for your support.

David McLauchlan

CEO, Buddy Technologies Limited.



Directors' Report

Your Directors have pleasure in submitting their report together with the financial statements of the Company and its subsidiaries it controlled during the period, for the year ended 30 June 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The Directors in office at the date of this report and at any time during the year are as follows. Directors were in office for the entire period unless otherwise stated.

Current Directors

Mr David McLauchlan	CEO & Executive Director
Mr Richard Borenstein	Non-Executive Chairman
Mr John van Ruth	Non-Executive Director
Mrs Rosey Batt	Non-Executive Director

Directors Who Resigned During The Year

Mr Marc Alexander	CTO & Executive Director

Mr David McLauchlan BEng(Hons), MEng

CEO & Executive Director

(Appointed 17 December 2015)

Experience and expertise

David spent nearly eleven years at Microsoft Corporation (Redmond, WA) before leaving in 2011 to co-found Buddy Platform, Inc. While at Microsoft, David had business development responsibilities for both Windows Phone and the company's Zune hardware business. Before that he spent several years in Microsoft's Windows division, and prior to that served in the Server & Tools division working on Microsoft's famed Visual C++ developer tools product. His international business development experience is considerable, having closed inbound and outbound licensing deals for Microsoft with global partners and customers in the consumer, enterprise, B2B and component industries. In addition to his work in various product groups at Microsoft, David represented the company globally in several international standards setting organizations, including the USB Implementers Forum, Consumer Electronics Association, Digital Living Network Alliance (DLNA), Bluetooth SIG and the IEEE Printer Work Group.

David is the co-founder of TVinteract, LLC which developed software for on-air TV talent to curate and display social media in real-time during television broadcasts, which was acquired in 2014. David has served as a Technology Partner Network advisor for the Bill & Melinda Gates Foundation, has served as a mentor for the Australian incubator "Innovyz START" and is an advisor to Melbourne-based "Bluedot Innovation".

Prior to moving to the United States in 2000, David was a management consultant at PricewaterhouseCoopers in Melbourne, Australia, and prior to that was a professional pianist in Adelaide, Australia.

David holds a Master of Engineering: IT, Telecommunications & Business Management, and a Bachelor of Electronic Engineering (Hons.) – both from the University of South Australia.

Special Responsibilities

Chief Executive Officer

Other current directorships of listed companies:

Nil

Other directorships held in listed companies in the last three years:

Nil

Mr Richard Borenstein

BA (Economics), MBA

Non-Executive Chairman

(Appointed 17 December 2015)

Experience and expertise

Rick Borenstein is a venture investor, advisor and board member with over 40 years of technology company experience. He currently advises 7 venture-financed companies and sits on several boards. Mr. Borenstein brings extensive business, finance, accounting and entrepreneurial skills to each company.

Rick currently lives in two cities, Tel Aviv and San Francisco. He translated 35 years of Silicon Valley experience into key board level advisory roles in the vibrant venture capital investment culture of Israel. Rick sits on 4 boards of artificial intelligence-based software companies in insurtech, healthcare, agtech and foodtech.

Mr. Borenstein started his entrepreneurial career after leaving a 10-year career at Wells Fargo Bank when he conceived, built and sold 3 companies over the course of 4 years. Mr. Borenstein then became President of IMSI in 1986, a $50M per year consumer software products company. During his tenure, he took the company public in 1987 and initiated their strategy of growth through acquisition. This exposure to software company deal making convinced him that a small, "virtual", I.T. focused M&A company could be built successfully.

Rick co-founded Sequoia Partners in 1988 and recently retired as Chairman. Sequoia Partners is a "sell side" information technology mergers & acquisitions firm. Sequoia has a long history of executing premium transactions for venture capital companies and corporate technology investors.

Mr. Borenstein's finance training started at Harvard Business School (M.B.A. 1972) and continued through White, Weld & Co., Salomon Brothers and Wells Fargo and Co. His early investment banking training included mergers and acquisitions, leveraged buyouts, IPOs and off-balance sheet financings. At Wells Fargo, he perfected his accounting skills as Deputy Controller of the Bank; he learned lending and bank/brokerage company finance while serving as the Bank's senior brokerage industry banking officer; and he improved his deal making skills as President of Wells Fargo Investment Company, the Bank's venture capital subsidiary. Rick invested in a group of companies that have since gone on to become some of the best-known names in the Bay Area technology sector.

Mr. Borenstein grew up in New York City, and attended the University of Michigan before going to Harvard Business School. He has taught entrepreneurship at the Center for Entrepreneurship at the U of M and at San Quentin Prison (SF Bay Area) as part of The Last Mile program there.

Special Responsibilities

Chairman of the Board

Member of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Other current directorships of listed companies: Nil

Other directorships held in listed companies in the last three years: Nil

Mr John van Ruth

BA (Accounting), FCA, FAICD

Non-Executive Director

(Appointed 11 February 2016)

Experience and expertise

Mr van Ruth is currently Chief Executive Officer of Lutheran Disability Services, and holds a number of non-executive directorships. Prior to his work in the not for profit sector, he spent four years as Chief Financial Officer for Coopers Brewery, the largest Australian owned Brewery. Before Coopers Brewery, Mr van Ruth held a number of senior executive roles with other iconic South Australian companies including the RAA of SA, Inc., Adelaide Bank and Faulding. His early career was with professional services firms EY, KPMG and Arthur Andersen with particular focus on strategic advisory services in emerging technologies in Australia, Netherlands and Canada.

Mr van Ruth's other non-executive directorships include being a director of HAMBS a technology platform for private health. He is a director of Eldercare aged care, governor of Wyatt Benevolent Institution Inc., and member of the Advisory Board of Leapsheep startup accelerator.

Special Responsibilities

Chair of the Audit and Risk Committee

Other current directorships of listed companies: Nil

Other directorships held in listed companies in the last three years: Nil

Mrs Rosey Batt

LLB, GDLP, DipEd, FAICD, MSc

Non-Executive Director

(Appointed 30 November 2018)

Experience and expertise

Rosey is the CEO of a boutique legal and business consultancy services firm. Rosey was previously a partner with Minter Ellison and has more than 30 years' experience in advising Publicly Listed and Private Companies on compliance, complex litigation, transactions and general commercial issues. Rosey has extensive non-executive Board experience including as Chair and on Audit, Risk and Nomination committees. Her current non-executive directorships include ModMed Ltd, GPEx Ltd, Windmill Theatre and as Independent Chair of the Management Oversight Committee of the Rural Support Service. Rosey is recognised for her skills in Corporate Governance and she has been a facilitator for the Australian Institute of Company Directors in their acclaimed Company Directors Course both nationally and internationally for many years. Rosey is a Fellow of the AICD and holds a Master of Science and Technology Commercialization (International) from the University of Adelaide and the University of Texas at Austin.

Special Responsibilities

Chair of the Remuneration and Nomination Committee

Other current directorships of listed companies: Nil

Other directorships held in listed companies in the last three years: Nil

Mr Marc Alexander

Executive Director & CTO

(Appointed 1 April 2019, Resigned 30 April 2020)

Experience and expertise

Marc spent over 6 years at LIFI LABS INC. ("LIFX"), co-founding the organisation and leading the design and development in that time of LIFX products, team, technology and global business growth. Marc has extensive experience in consumer, commercial and automotive product enterprises, having served or founded businesses creating new products and services, bringing them to market, production and sales channels. Marc resigned from the Board of Buddy in April, 2020.

Marc has a background in product design and development, firmware and software engineering, applications, customer centric design, systems architecture, IoT, business development, startups and business models, go-to-market strategies and IP.

In addition to his work on consumer, automotive and energy focused business, Marc represented the company as the chair of the Lighting Working Group of the AllSeen Alliance, a founding group of major technology companies creating operational standards and code for IoT smart home and smart spaces platforms.

Marc was the co-founder of Advanced Engine Management, a consumer and commercial automotive product company, which was acquired in 2007. Marc currently serves as an investor or advisor for global Australian based technology companies in personalised audio, AI and machine learning space utilisation, home sports technology and electric transport. Prior, Marc was VP Engineering at the Techlynx consumer and automotive division, Lead Product Engineer at ACP for General Magic and Apple Computer projects in California and Australia, and prior to that was Technical Officer at the University of Melbourne Electrical and Electronic Engineering Department on funded R&D and teaching projects.

He has founded 5 startups and is inventor of a number of granted and pending patents in the lighting, automotive and smart spaces field.

Marc studied his Certificate of Technology in Electronics at Box Hill Institute.

Special Responsibilities

Resigned as C.T.O.

Other current directorships of listed companies: Nil

Other directorships held in listed companies in the last three years: Nil

Company Secretary

Mr Ben Secrett BEc, JD, AppCorpGov

Mr Secrett has over 10 years' experience providing corporate advisory, legal, risk and governance services to Australian and foreign listed and unlisted entities, having worked as a corporate lawyer and a Principal Adviser in ASX Listings Compliance. Ben has a comprehensive knowledge of the Corporations Act and ASX listing rules, and extensive experience in IPOs and capital raisings, backdoor listings, transaction structuring, and corporate governance and compliance. Ben has qualifications in economics, law and corporate governance.

Operating and Financial Review.

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Operating And Financial Overview

Principal Activities

Buddy Technologies Limited (ASX:BUD) helps customers of any size "make every space smarter", and has two core businesses – its Commercial Business and Consumer Business. Buddy Ohm and Buddy Managed Services are the company's core Commercial offerings that empower its customers to fully leverage digital technologies and their impact in a strategic and sustainable way. Buddy Ohm is a resource monitoring and analytics solution that provides energy monitoring, reporting and auditing services for commercial and industrial customers. Buddy Managed Services team licenses Buddy's technology platforms to customers for integration into their own products.

Buddy's Consumer Business trades under the LIFX brand, which was acquired in March 2019 and whose results have been included, for accounting purposes, beginning 1 April 2019. LIFX has established a leading market position as a provider of smart lighting solutions. LIFX products are sold in over 100 countries worldwide, directly and via distribution and sales partnerships with leading retailers and ecommerce platforms including Amazon, Google, Apple Stores, JB Hi-Fi, Bunnings, Officeworks, MediaMarkt, Saturn and Best Buy (in both the US and Canada).

FY2020 Summary

The year ended 30 June 2020 was a period of consolidation and strengthening of the business, as the acquired LIFX business was integrated into the Group, and the commercial business emerged from a very significant restructuring and repurposing. During this period, the Group:

- Grew total customer revenues from $8.9 million in FY2019 to $31.0 million in FY2020
- Ended the period with gross consolidated margins of 30%
- Commenced a cost reduction project, led by employee-nominated compensation reductions, that by 30 June resulted in a 63% drop in staff costs (ahead of a 40% target)
- Delivered better monthly EBITDA run rates by 30 June 2020 vs. 30 June 2019, despite merging two businesses, dealing with the beginning of the COVID-19 pandemic, and managing the costs of introducing new product lines
- Eliminated all loss-making retail contracts for LIFX, ensuring that every light sold is sold profitably
- Grew baseline consumer revenue - reversing the prior year (pro-forma) trend
- Added a new low-cost, high quality entry point smart light to capture a new, vastly broader market segment with a US$9.99 street price
- Slashed the cost of LIFX packaging, while at the same time making it meaningfully more environmentally friendly, lighter weight (reducing shipping expense) and more attractive on the shelf
- Consolidated product lines - for the commercial business, the Buddy Ohm product was repositioned to profitably capture new market opportunities around automation, production line monitoring and auditing; for the consumer business, unprofitable or declining products were retired and changes to manufacturing were made to cost reduce and margin-bolster the remaining products (as new products were also added)
- Hired a new Global VP of Sales - Mr. Donald Hicks. With Mr. Hicks' entry into the business, the consumer sales division has a leader who formerly took the Ring smart doorbell business to over US$1 billion in sales (from US$5m or less) and was instrumental in Ring's exit to Amazon for over US$1 billion in 2018
- Set in place a rapid expansion plan for the European market, delivered new point of sale facilities for European retailers, and set LIFX on course to be the very clear #2 in a market which is overwhelmingly dominated by the market leader (providing an incredible opportunity to capture share of a billion+ euro market)
- Released the Group's first jointly developed product (between the consumer and commercial divisions) in LIFX Switch. LIFX Switch is a fit-for-purpose smart light switch that is competitively priced, works natively with both non-smart lights and LIFX smart lights and also is a Buddy Ohm energy monitoring sensor across all channels it switches

- Released several new smart light products, most notably the new LIFX Clean - the world's first antibacterial, germicidal smart light, intended for release in late Q2 FY 21.

Results

Total customer revenues for the year ended 30 June 2020 were $31.0 million, increasing $22.1 million, or 248% from $8.9 million in the previous year. This increase was primarily the result of the addition of Consumer Business which totaled $28.3 million for the year ended 30 June 2020 (compared to $6.5 million in the previous year) and, to a lesser extent, growth in Commercial Business revenues which totaled $2.7 million for the year ended 30 June 2020 (compared to $2.4 million in the previous year).

Many of the operating expense items increased during the year from the addition of the Consumer business, most dramatically cost of sales, advertising & marketing expense and employee benefit expense.

The net loss for the year totaled $45.3 million which increased from a loss of $27.4 million in the prior year. The 2020 loss included a write-down of intangible assets of $18.6 million, $8.5 million of non-cash based expenses (including depreciation, share based payments, amortization, option based payments and deferred income tax benefit), $1.9 million of expenses related to refinancing and the acquisition and $6.0 million of interest expense.

Interest expense includes $4.9 million of accrued interest. This is primarily the result of several debt agreements entered into as part of the acquisition (described more in the notes to the financial statements). The agreements were for a) the assumption of existing LIFX lines of credit and b) deferred consideration for the purchase price itself.

Share based payments represent the value of employee incentive performance rights that the Company issues as part of every employee's compensation plan and totaled $2.1 million in 2020 – an increase of $1.1 million from $1.0 million in the prior year due to new grants made to employees and a full-year of vesting for acquired employees.

	2020	2019	2018	2017
Revenues and income	$32,231,456	$10,432,237	$3,855,503	$1,168,572
Adjusted EBITDA	($11,602,414)	($12,688,464)	($10,270,994)	($9,396,242)
Loss for the year	($45,277,907)	($27,363,923)	($13,877,497)	($16,946,495)
Earnings (loss) per share (cents per share)	2.01	2.15	1.35	2.11
Share price at year end (cents per share)	1.3	4.9	12.5	9.5

Dividends

There were no dividends or distributions paid, declared or recommended during or since the end of the year.

Significant Events After the Balance Date

Other than disclosed in this report and below, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial years.

- Jul 10, Aug 7 and Aug 31, 2020 - the Company issued a total of 11,974,568 new fully paid ordinary shares and 2,606,250 new employee incentive performance rights pursuant to the Company's employee incentive plan.
- Jul 30, 2020 - the Company made arrangements with its inventory finance facility provider, The Challenger Trade Finance Segregated Portfolio of the South Africa Alpha SPC to restructure the US$6,000,000 facility as a purchase order finance facility for the remainder of its term to October 2021.
- Jul 31, 2020 - Eastfield Lighting (Hong Kong) Co. Limited and Luminous Wide Limited

agreed to extend the final maturity date of the debts associated with the Company's acquisition of LIFX in 2019 from 31 July 2020 to 30 October 2020.

- Sep 7, 2020 - the share purchase agreement between the Company and CST Investments Fund to provide the Company with an equity-backed finance facility (refer to the ASX announcement dated 5 May 2019) was terminated, and no shares were issued under the facility.
- 16 Sep, 2020 - the Company announced it had received new contracted purchase orders totaling in excess of A$30,000,000 over the prior 30 days.

The Company has made price-sensitive and other announcements since 30 June 2020. A summary of those announcements follows. The reader is invited to read the entire announcements which are available in the investor section of the Company's website at https://buddy.com/asx-announcements/.

Sep 20, 2020	Letter to Shareholders - August Results
Sep 16, 2020	LIFX Achieves 30 Day Sales Record Exceeding A$30m
Sep 10, 2020	LIFX Breaks Record for Orders of Smart Lights - A$10.5m
Sep 7, 2020	Termination of Equity Financing Agreement
Sep 1, 2020	LIFX Clean Given Green Light For US Sales
Aug 31, 2020	Appendix 4E Preliminary Financial Report
Aug 31, 2020	Appendix 2A - August 2020 Employee Plan Vesting and Issue
Aug 31, 2020	Appendix 3G - August 2020 Employee Plan Issue
Aug 28, 2020	LIFX Announces World-First Disinfecting Anti-Bac Smart Light
Aug 24, 2020	Letter to Shareholders - July Results
Aug 21, 2020	Record LIFX Smart Light Orders Increased to A$4.3m
Aug 21, 2020	LIFX Receives Largest Ever Orders for Smart Lights, at A$3.6
Aug 14, 2020	Change of Director's Interest Notice - John van Ruth
Aug 7, 2020	Appendix 2A - July 2020 Employee Plan Vesting and Issue
Aug 7, 2020	Appendix 3G - July 2020 Employee Plan Issue
Aug 7, 2020	Vendor Debt Finance Update, Webinar Recording Available
Aug 4, 2020	LIFX to be Stocked at US Retailer Lowe's, Investor Webinar
Jul 31, 2020	June Quarterly 4C Review (Q4FY20)
Jul 30, 2020	Debt Maturity Date Extended
Jul 30, 2020	BUD Restructures Financing, Unlocks LIFX Production at Scale
Jul 29, 2020	LIFX Displaces Osram in German DIY Stores; New POS Rollout
Jul 27, 2020	Letter to Shareholders - June Results
Jul 24, 2020	LIFX Launches New Smart Light in US with Amazon, Best Buy
Jul 15, 2020	LIFX Launches in Apple Stores in Hong Kong and Singapore
Jul 10, 2020	Appendix 2A - June 2020 Employee Plan Vesting and Issue

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Group that occurred during the financial period not otherwise disclosed in this report or the financial statements.

Economic, Environmental and Social Sustainability Risk Management

The Group does not consider that it has any material exposures to environmental and social sustainability risks.

As with nearly every organisation worldwide, the Group was impacted quite significantly by the COVID-19 pandemic. For Buddy, the business was exposed on several fronts - the Company's smart lights are manufactured in Shenzhen, China which was impacted early and deeply when the Chinese government moved to implement a lockdown in that region. This had a material effect not only on manufacturing, but the Company's ability to acquire materials used in the manufacturing process (because suppliers of those materials were also shutdown). While the impact on our manufacturer and our supply chain was immediate, the impact of this on our business was not to be felt until some time later. Stock shortages that became evident at the very end of the fiscal year, and which continue to the date of this report, can be traced back to these events.

Conversely, the impact to the Company on consumer sales was felt immediately, but began to ease as the COVID-19 pandemic ebbed towards the end of the fiscal year. The business has suffered constrained sales due to COVID-19 - at first because most of the Company's retail partner locations were closed (and less than 100% of that sales traffic moved to online channels), and then later because stock levels were low when retail locations opened back up (due to the aforementioned supply chain impact).

There is cause for optimism, however. The Company was able to renegotiate its inventory finance facility into a purchase order finance facility that enabled the Company to manufacture replenishment stock on terms that were previously inaccessible. This has been coupled with recent announcements of very significant inbound order flow that has exceeded expectations and indeed outperformed any previous period in the Company's history. Going into the holiday period of calendar year 2020, the Company will be selling more products, via more retailers, with greater online penetration, in more territories than ever before.

From a commercial perspective, the impact of COVID-19 has been quite significant, however since commercial revenues are a smaller proportion of Group revenues, this has not had an overall meaningful impact. Sales of Buddy Ohm had been reasonably strong during the latter part of the financial year, however lockdowns in the Company's target markets have meant that installation of sold systems has not been possible. Since revenue from Buddy Ohm sales is only able to be recognised upon installation of those systems, it has meant a deferral of that revenue until such time as commercial installations are possible once again.

A further complicating factor was that a material portion of Group commercial revenues is derived from the Company's relationship with Thor Industries, Inc. The complete shutdown of the relevant parts of Thor's business as they pertain to Buddy, meant that a renegotiation of the commercial relationship between the parties was required. The Company can report that at the time of writing, Thor's facilities have reopened and a renegotiation of the relationship to consider the customer's 2021 goals, is underway.

Environmental Regulation

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations. The Group's past operations were subject to various environmental regulations under the Commonwealth/Federal, State and Territory Laws, Laws of Australia and the USA. The Group's activities prior to 2016 involved low level disturbance associated with exploration drilling programs.

Indemnification and Insurance of Directors and Officers

The Company has indemnified, to the extent permitted by law, the Directors and officers of the Company against any liability incurred by a Director or officer arising out of the conduct of the business of the Company or in or arising out of the discharge of that officer's duties. No amount was paid pursuant to these indemnities during the financial year, nor subsequently to the date of this Annual Report.

The Company has paid premiums, as permitted by law, to insure each of the current and former Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of an officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

The Company has not given any further indemnity or entered into any other agreements to indemnify, or pay or agreed to pay insurance premiums.

Directors' Interests in the Shares and Options of the Company

As at the date of this report, the interests of the Directors in ordinary shares, listed and unlisted options of the Company were:

	Shares		Performance Shares		Options	
Director	**Held Directly**	**Held Indirectly**	**Held Directly**	**Held Indirectly**	**Held Directly**	**Held Indirectly**
David McLauchlan	135,851,820	-	22,166,667	-	-	-
Richard Borenstein	11,015,884	14,392,784	3,333,333	-	854	-
John van Ruth	1,266,667	11,479	833,333	-	-	-
Rosey Batt	-	-	-	-	-	-
Total	**148,134,371**	**14,404,263**	**26,333,333**	**-**	**854**	**-**

Meetings Of Directors

During the financial year, meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Director meetings		Audit committee meetings		Remuneration and nomination committee meetings	
Director	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**
David McLauchlan	15	15	-	-	-	-
Richard Borenstein	15	15	3	3	-	-
John van Ruth	15	15	3	3	-	-
Marc Alexander *Resigned 30 April 2020*	11	11	-	-	-	-
Rosey Batt	15	15	-	-	-	-

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company for the year ended 30 June 2020. The information contained in this report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The information provided includes remuneration disclosures that are required under Accounting Standard AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report.

This remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes those executives in the Parent and the Group receiving the highest remuneration.

Key Management Personnel

Mr. David McLauchlan	(Executive Director & CEO)
Mr. Richard Borenstein	(Non-executive Chairman)
Mr. John van Ruth	(Non-executive Director)
Mrs. Rosey Batt	(Non-executive Director)
Mr. Richard Jacroux	(Chief Financial Officer / Chief Operating Officer)
Mr. Marc Alexander	(Executive Director & CTO) (Resigned 30 April 2020)

Remuneration Policy

Remuneration of Directors and Key Management Personnel (KMP) is determined with regard to the performance of the Company, the performance and skills and experience of the particular person and prevailing remuneration expectations in the market. The Board will devote time on an annual basis to discuss the level and composition of remuneration for the Directors and Key Management Personnel and will ensure such remuneration is appropriate and not excessive. Details of remuneration of Directors and Key Management Personnel are disclosed in the Remuneration Report in the Annual Report. The full Board determines all compensation arrangements for Directors and has a Remuneration Committee to assist the Board in monitoring and reviewing any matters of significance affecting the remuneration of the Board and employees of the Company. It is also responsible for setting performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The Remuneration Committee charter is available on the Company's website at www.buddy.com.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). It is the policy of the Company that Directors may be compensated in share based payments, including through the issue of Performance Shares, subject to any necessary Shareholder and regulatory approvals. This constitutes a cash preservation measure and aligns the interests of Directors with all Shareholders.

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Fees for non-executive Directors are linked to the performance of the Group through the issue of securities, including ordinary shares Performance Shares and Performance Rights, where the issue of which is subject to satisfaction of a performance milestone, or the value of a holding increases as a result of share price increases reflective of the Company's performance. This aligns Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in employee option plans that may exist from time to time.

Executive Remuneration

Executive Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes). The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and the remuneration and nomination committee. Executive Directors are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any director's fees in addition to their remuneration arrangements.

Fixed Remuneration

All KMP are remunerated based on services provided by each person. The Board will review KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Variable Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and key management personnel. Currently, this is facilitated through the issue of Performance Rights and Incentive Rights to key management personnel to encourage the alignment of personal and shareholder interests. The issue of these securities formed part of the Consideration Securities as a result of the acquisition of Buddy Inc. The Company believes this policy will be effective in increasing shareholder wealth.

Principles used to determine the nature and amount of variable remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and future years. Due to the nature of the Group's principal activities the Directors assess the performance of the Group with regard to the price of the Company's ordinary shares listed on the ASX, and the market capitalisation of the Group.

Service Contracts

Non-Executive Directors

The key terms of the Non-Executive Director letters of appointment are as follows:

- Terms of agreement – ongoing subject to annual review.
- Directors' Fees – the issue of Performance Shares on initial appointment.
- There is no notice period stipulated to terminate the contract by either party.

Apart from their duties as Directors, some Non-Executive Directors may undertake work for the Company over and above the specific duties of a Non-Executive Director.

Executives

Remuneration and other terms of employment for the Executive Director and Chief Executive Officer and the Chief Financial Officer are formalised in service agreements. Other major provisions of these agreements are set out below:

Executive Services Agreement - David McLauchlan

The Company and David McLauchlan entered into an Executive Services Agreement for his role as Chief Executive Officer commencing on the date of settlement of the Company's acquisition of Buddy Platform, Inc. being 17 December 2015.

The key terms of the Executive Services Agreement (ESA) are as follows:

(a) Salary: Under the ESA, Mr McLauchlan receives an annual salary of US$250,000.

(b) Performance Bonus: The Company may, at any time, pay Mr McLauchlan, a performance-based bonus over and above the Salary (none paid in 2020 or 2019).

(c) Restraint of Trade: Upon termination of the ESA, Mr McLauchlan will be subject to a restraint of trade period of up 6 months.

(d) Mr McLauchlan is employed on an at-will employment relationship with the Company which may be terminated at any time by either Mr McLauchlan or the Company upon notice to the other, for any or no reason, with or without prior notice or cause. Further, the Company can demote, transfer, suspend or otherwise discipline him in its sole discretion.

Executive Services Agreement – Richard Jacroux

The Company and Richard Jacroux entered into a Services Agreement (SA) for his role as Chief Financial Officer and Chief Operating Officer commencing on his date of employment being 3rd October 2016.

The material terms of the SA are as follows:

(a) Salary: Mr. Jacroux receives an annual salary of US$210,000.

(b) Employee Incentive Performance Rights (EIPR): Mr Jacroux received a grant of 8,000,000 EIPR with standard vesting over four years. In 2019, Mr Jacroux received an additional grant of 2,000,000 EIPR.

(c) Mr Jacroux is employed on an at-will employment relationship with the Company which may be terminated at any time by either Mr Jacroux or the Company upon notice to the other, for any or no reason, with or without prior notice or cause. Further, the Company can demote, transfer, suspend or otherwise discipline him in its sole discretion.

Mr Jacroux receives EIPRs that are not dependent on the satisfaction of a performance condition as a form of incentive to reward service and participation in a scheme to acquire ordinary shares to align his interests with shareholders.

Executive Services Agreement – Marc Alexander (Resigned 30 April 2020)

The Company and Marc Alexander entered into a Services Agreement (SA) for his role as Chief Technology Officer (CTO), which he commenced after the completion of the acquisition of Lifx Labs, Inc (trading as LIFX) on 29 March 2019, for which he was a co-founder of from 12 November 2012. Mr Alexander was also appointed to the Board as an executive director on 1 April.

The material terms of the SA are as follows:

(a) Salary: Mr. Alexander receives an annual salary of US$300,000.

(b) Performance Rights: Mr Alexander received a grant of 12,000,000 Performance Rights, approved by shareholders at a meeting held 25 March 2019. When Mr Alexander ceased to be an employee of the Company the Performance Rights lapsed. During the year Mr Alexander ceased to be an employee of the Group and a Director of the Company.

(c) Performance Shares: Mr Alexander received a grant of 12,000,000 Performance Shares, approved by shareholders at a meeting held 25 March 2019, which will vest over a four year period. When Mr Alexander ceased to be an employee of the Company the Performance Shares lapsed. During the year Mr Alexander ceased to be an employee of the Group and a Director of the Company.

(d) The Executive Service Agreement contains other standard terms and conditions expected to be included in contracts of this nature.

Remuneration of Directors and Executives

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Buddy Technologies Limited are set out in the following table:

Key Management Personnel of Buddy Technologies Limited

2020	Short Term Benefits			Post-Employment Benefits	Share Based Payments		
Key Management Personnel	**Salary & Fees $**	**Bonus**	**Non-Monetary $**	**Super-annuation**	**Performance Shares & Rights $**	**Total $**	**% Performance Related**
David McLauchlan	324,922	-	-	-	-	324,922	-
Richard Borenstein	-	-	-	-	-	-	-
John van Ruth	-	-	-	-	-	-	-
Rosey Batt	-	-	-	-	-	-	-
Marc Alexander (Resigned 30 Apr 2020)	422,654	-	-	39,440	-	462,094	-
Richard Jacroux	274,090	-	-	-	59,500	333,590	18%
Total	**1,021,666**	**-**	**-**	**39,440**	**59,500**	**1,120,606**	**5%**

2019	Short Term Benefits			Post-Employment Benefits	Share Based Payments		
Key Management Personnel	**Salary & Fees $**	**Bonus**	**Non-Monetary $**	**Super-annuation**	**Performance Shares & Rights $**	**Total $**	**% Performance Related**
David McLauchlan	349,467	-	-	-	-	349,467	-
Richard Borenstein	-	-	-	-	-	-	-
Alexander Gounares (Resigned 25 Mar 19)	-	-	-	-	10,736	10,736	100%
John van Ruth	-	-	-	-	-	-	-
Rosey Batt (Appointed 30 Nov 2018)	-	-	-	-	-	-	-
Marc Alexander (Appointed 1 Apr 2019)	111,361	-	-	10,579	129,573	251,513	52%
Richard Jacroux	293,552	-	-	-	84,485	378,037	22%
Tim Peters (Appointed 1 Apr 2019)	119,785	-	-	-	-	119,785	-
Total	**874,165**	**-**	**-**	**10,579**	**224,794**	**1,109,538**	**20%**

Shareholdings of Key Management Personnel

The number of ordinary shares of Buddy Technologies Limited held, directly, indirectly or beneficially, by each Director, including their personally-related entities for the year ended 30 June 2020 is as follows:

Key Management Personnel	Held at 1 July 2019	Purchase or conversion	Sold or change due to resignation	Held at 30 June 2020	Held at date of report
David McLauchlan	131,851,820	4,000,000	-	135,851,820	135,851,820
Richard Borenstein	21,408,668	4,000,000	-	25,408,668	25,408,668
John van Ruth	1,478,146	-	-	1,478,146	1,278,146
Marc Alexander *(Resigned 30 Apr 2020)*	40,788,363	-	(40,788,363)	n/a	n/a
Richard Jacroux	4,500,000	4,750,000	(4,500,000) [1]	4,750,000	5,312,500
Total	**200,026,997**	**12,750,000**	**(45,288,363)**	**167,488,634**	**167,851,134**

[1] Used to repay the loan from the Company described below

Note: the number of shares held at 30 June 2019 included Tim Peters. In 2020, Mr. Peters was no longer considered a Key Management Personnel.

Option Holdings of Key Management Personnel

The number of options over ordinary shares in Buddy Technologies Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2020 is as follows:

Key Management Personnel	Held at 1 July 2019	Conversion	Expiry of options	Change due to appointment/ (resignation)	Held at 30 June 2020	Vested and exercisable at 30 June 2020
Richard Borenstein	854	-	-	-	854	854
Total	**854**	**-**	**-**	**-**	**854**	**854**

No options over ordinary shares were granted to any Director or key management personnel during or since the end of the year, and no ordinary shares were issued during or since the end of the year as a result of the exercise of an option.

Performance Shares of Key Management Personnel

The number of Performance Shares in Buddy Technologies Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2020 is as follows:

Key Management Personnel	Held at 1 July 2019	Conversion	Change due to appointment/ (resignation)	Held at 30 June 2020	Vested and exercisable at 30 June 2020
David McLauchlan	22,166,667	-	-	22,166,667	-
Richard Borenstein	3,333,333	-	-	3,333,333	-
John van Ruth	833,333	-	-	833,333	-
Marc Alexander *(Resigned 30 Apr 2020)*	12,000,000	-	(12,000,000)	-	-
Total	**38,333,333**	**-**	**(12,000,000)**	**26,333,333**	**-**

Employee Incentive Performance Rights & Replacement Rights of Key Management Personnel

The number of Performance Rights in Buddy Technologies Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2020 is as follows:

Key Management Personnel	Held at 1 July 2019	Conversion	Change due to appointment/ (resignation)	Held at 30 June 2020	Vested and exercisable at 30 June 2020
Richard Jacroux	3,500,000	(1,750,000)	-	1,750,000	-
Marc Alexander *(Resigned 30 Apr 2020)*	12,000,000	-	(12,000,000)	-	-
Total	**15,500,000**	**(1,250,000)**	**(12,000,000)**	**1,750,000**	**-**

Share-based Compensation

No share-based compensation was issued to Directors in the current year.

Other Related Party Transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Remuneration report at 2019 Annual General Meeting

The remuneration report was passed by the requisite majority of votes at the Company's 2019 Annual General Meeting.

Loans to Key Management Personnel

	Balance at 30 June 2019*	Balance at 30 June 2020**	Highest balance during period
Richard Jacroux	$163,981	$9,387	$163,981

*balance relates to an advance made by the Company; the advance was fully repaid on 17 July 2019 and was financed through the sale of Company shares.
** balance relates to an advance made by the Company;

-----------------END OF AUDITED REMUNERATION REPORT---------------

Likely Developments and Expected Results

Likely developments in the operations of the Group and the expected results of operations have been disclosed in the Operating and Financial Review section of the Directors' Report except where the Directors believe that such disclosure would be likely to result in unreasonable prejudice to the Group. The Directors and management of the Group intend to continue operations as conducted during the financial year and in a manner consistent with the Group's business model and strategy.

Corporate Governance

In recognising the need for the high standards of corporate behaviour and accountability, the Company's Directors support and have substantially followed the best practice recommendations set by the ASX Corporate Governance Council. The Company's 2020 Corporate Governance Statement reflects its corporate governance practices for the financial year ended 30 June 2020 and was approved by the Board on 30 September 2019. The Company's 2020 Crporate Governance Statement and corporate governance policies are available from the corporate governance section of the Company's website at www. buddy.com.

Auditors Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 for the year ended 30 June 2020 has been received and can be found on page 28.

Auditor

On 26 February 2020, RSM Australia Partners were appointed as the Company's auditor. The appointment follows the resignation of Nexia Perth Audit Services Pty Ltd. and the receipt of ASIC's consent to the resignation. Pursuant to Section 327C of the Corporation Act 2001 (Cth), the Company will seek shareholder ratification of the appointment at its 2020 Annual General Meeting.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on Behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Company under the Corporations Act 2001 (Cth), or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company during or since the end of the year.

Share Options

Shares under Option

As at 30 June 2020 and at the date of this report, there existed the following unlisted options:

Date Granted	Expiry Date	Exercise Price	Number Shares Under Option	Vested & Exercisable
1 Apr 2019	29 Mar 2023	7.59c	532,765	532,765
1 Apr 2019	01 Apr 2024	7.59c	100,000,000	100,000,000
17 Dec 2015	17 Dec 2020	10.0c	2,806,647	2,600,245

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

During the year and up to the report date, no options have been exercised and converted to ordinary shares.

Performance Shares

As at 30 June 2020 and at the date of this report, the following unlisted Performance Shares were on issue:

Date Granted	Expiry Date	Exercise Price	Number Shares Under Option	Vested & Exercisable
01 Apr 2019	1 Apr 2022	Nil	12,000,000[2]	-
17 Dec 2015	17 Dec 2020	Nil	29,833,334[1]	-

[1] The Performance Shares were to convert upon satisfaction of any one of the following milestones:

(i) One third (1/3) of all Performance Shares held by the Holder as at the date of issue of the Performance Shares (Issue Date) shall convert upon Buddy (or its subsidiaries) logging 20,000,000 total discrete connections to any Buddy server or service (Interactions) by any approved network connected hardware or software application (Device) per day for no less than 3 consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;

(ii) One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon the total number of devices creating an Interaction with a Buddy application that it has not previously interacted with (New Connection) exceeding 500,000 per week for no less than three (3) consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;

(iii) One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon Buddy (or its subsidiaries) satisfying the following milestones within a period of 36 months from the date of completion of the Capital Raising:

(A) total daily device interactions with the Buddy Platform exceed 50,000,000 per day for no less than 3 consecutive weeks; and

(B) total number of devices creating new connections to Buddy exceeding 1,000,000 per week for no less than 3 consecutive weeks.

As at the date of this report Milestone 1 and Milestone 2 have been achieved with vesting conditions satisfied. Milestone 3 was not met. The performance shares are not expected to be converted and no expense has been recognised this year. Refer to the remuneration report for further details of the performance shares of Key Management Personnel.

[2] As at the date of this report 12,000,000 performance shares have been forfeited and will be cancelled.

Performance Rights

As at 30 June 2020 and at the date of this report, there existed the following unlisted Performance Rights:

Date Granted	Expiry Date	Exercise Price	Number Shares Under Option	Vested & Exercisable
1 Apr 2019	1 Apr 2024	Nil	12,000,000 (Jun 30) / 9,000,000[1]	3,000,000

[1] The holders of these performance rights have ceased employment with the Group and these rights have been forfeited and will be cancelled.

Employee Incentive Performance Rights

As at 30 June 2020 and at the date of this report, there existed the following unlisted Employee Incentive Rights.

	Date of Report	2020
Outstanding at the beginning of the year	88,066,997	**57,169,087**
Granted	2,590,452	87,257,294
Converted to ordinary shares	(13,451,021)	(43,123,277)
Forfeited	-	(13,236,107)
Outstanding at year-end	**77,206,428**	**88,066,997**
Vested and Exercisable	**-**	**-**

The vesting conditions of the EIPRs vest 25% on the first anniversary from the employee's commencement date, with the remainder vesting on a quarterly basis in equal tranches over 4 years from the employee's commencement date. Employee Rights will lapse on termination of employment. During the year ended 30 June 2020, 38,556,613 of the Employee Incentive Performance Rights converted into ordinary shares.

Audit and Non-audit Services

During the year the following fees were paid or payable for services provided by an auditor. No non-audit services were provided by an auditor during the year.

	Consolidated	
Audit Services	**2020 $**	**2019 $**
Amounts payable to auditor of parent entity		
- Audit and review of financial statements	102,500	141,025
- Non-audit services	-	149,970
Amounts payable to other entities	-	22,210
	102,500	313,205

This report is made in accordance with a resolution of the Directors, and is signed for and on behalf of the Directors.

David McLauchlan
CEO & Executive Director

Date: 30 September 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Buddy Technologies Limited and its controlled entities for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 30 September 2020
Melbourne, Victoria

Consolidated Financial Statements.

Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the year ended 30 June 2020	Note	Consolidated Buddy Technologies Limited 30 June 2020 $	Consolidated Buddy Technologies Limited 30 June 2019 $
Sale of goods revenue	6	28,341,500	6,523,425
Service revenue	6	2,657,854	2,381,470
Government grants & subsidies received	6	1,070,982	-
Government rebates received	6	39,600	1,237,502
Finance & miscellaneous income		121,520	289,840
Cost of revenues		(21,782,887)	(6,099,760)
Advertising & marketing expenses		(4,840,423)	(2,710,804)
Financial, administration, insurance and compliance costs		(2,429,110)	(2,522,143)
Depreciation		(692,833)	(512,669)
IT & web costs		(169,183)	(581,974)
Employee benefits expense		(10,634,915)	(9,314,665)
Share based payments		(2,063,987)	(1,009,267)
Research & development		(1,869,855)	(1,805,160)
Amortization of intangibles		(6,680,000)	(1,670,000)
Restructuring and other one-time costs		-	(2,689,129)
Refinancing and acquisition related costs		(1,910,504)	(3,085,106)
Interest costs		(6,049,185)	(1,113,647)
Option based payments		(426,000)	(4,982,105)
Realised foreign currency losses		(734,189)	(86,194)
Impairment of intangible assets		(18,600,000)	-
Loss before income tax expense		(46,651,415)	(27,750,387)
Income tax benefit		1,373,508	386,464
Loss for the year		**(45,277,907)**	**(27,363,923)**
Other Comprehensive Income / (Loss):			
Items that may be reclassified subsequently to profit or loss:			
Revaluation of investments at fair value through other comprehensive income (FVOCI)		-	(1,089,876)
Foreign currency translation differences for foreign operations		(1,709,764)	1,879,280
Other comprehensive income / (loss) for the period, net of tax		(1,709,764)	789,404
Total Comprehensive Loss for the year		**(46,987,671)**	**(26,574,519)**
Basic & Diluted Profit / (Loss) per share - cents per share		(2.01)	(2.15)

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

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Consolidated Statement of Financial Position

As at 30 June 2020	Note	Consolidated Buddy Technologies Limited 30 June 2020 $	Consolidated Buddy Technologies Limited 30 June 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	2,502,462	2,958,055
Trade and other receivables	10	2,579,550	4,004,673
Inventory	11	4,531,106	13,091,401
Other assets - prepayments		5,084,581	680,473
Total current assets		**14,697,699**	**20,734,602**
Non-current assets			
Property, plant & equipment	12	573,429	1,095,837
Right of use asset		254,849	-
Intangible assets	14	63,678,956	88,958,956
Total Non-Current Assets		**64,507,234**	**90,054,793**
TOTAL ASSETS		**79,204,933**	**110,789,395**
LIABILITIES			
Current Liabilities			
Trade and other payables		13,375,644	11,711,427
Provisions		535,152	513,981
Lease liability		104,905	-
Borrowings	16	14,555,395	14,731,751
Deferred acquisition consideration	16	18,577,437	17,240,950
Total Current Liabilities		**47,148,533**	**44,198,109**
Non-Current Liabilities			
Lease liability		145,492	-
Deferred taxation		5,260,500	6,663,300
Total Non-Current Liabilities		**5,405,992**	**6,663,300**
TOTAL LIABILITIES		**52,554,525**	**50,861,409**
NET ASSETS		**26,650,408**	**59,927,986**
EQUITY			
Share capital	17	126,207,566	115,298,012
Reserves		35,123,943	34,033,168
Accumulated losses		(134,681,101)	(89,403,194)
Equity attributable to owners of the parent		26,650,408	59,927,986
TOTAL EQUITY		**26,650,408**	**59,927,986**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

Consolidated 2020	Issued Capital $	Share and Option Reserve $	Foreign currency Translation Reserve $	Fair Value Reserve $	Accumulated Losses $	Total Equity $
Total equity at 1 July 2019	**115,298,012**	**32,936,754**	**1,774,680**	**(678,266)**	**(89,403,194)**	**59,927,986**
Total Profit / (Loss) for the period	**-**	**-**	**-**	**-**	**(45,277,907)**	**(45,277,907)**
Other Comprehensive Income	-	-	(1,709,764)	-	-	(1,709,764)
Total Comprehensive Income / (Loss) for the period	**-**	**-**	**(1,709,764)**	**-**	**(45,277,907)**	**(46,987,671)**
Transactions with equity holders:						
Shares issued during the period:						
Shares issued pursuant to capital raising	11,437,480	-	-	-	-	11,437,480
Costs of capital raising	(527,926)	-	-	-	-	(527,926)
Share based payments	-	2,374,539	-	-	-	2,374,539
Option based payments	-	426,000	-	-	-	426,000
Total equity at 30 June 2020	**126,207,566**	**35,737,293**	**64,916**	**(678,266)**	**(134,681,101)**	**26,650,408**

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

Consolidated Statement of Changes in Equity (....cont'd)

For the year ended 30 June 2019

Consolidated 2019	**Issued Capital $**	**Share and Option Reserve $**	**Foreign currency Translation Reserve $**	**Fair Value Reserve $**	**Accumulated Losses $**	**Total Equity $**
Total equity at 1 July 2018	**58,947,674**	**26,945,382**	**(104,600)**	**1,066,680**	**(62,694,341)**	**24,160,795**
Adjustment(s) on initial application of AASB 9	**-**	**-**	**-**	**(655,070)**	**655,070**	**-**
Total Profit / (Loss) for the period	-	-	-	-	(27,363,923)	(27,363,923)
Other Comprehensive Income	-	-	1,879,280	(1,089,876)	-	789,404
Total Comprehensive Income / (Loss) for the period	**-**	**-**	**1,879,280**	**(1,744,946)**	**(26,708,853))**	**(26,574,519)**
Transactions with equity holders:						
Shares issued during the period:						
Shares and options issued pursuant to acquisition	39,444,938	-	-	-	-	39,444,938
Shares issued pursuant to capital raising	18,100,000	-	-	-	-	18,100,000
Costs of capital raising	(1,194,600)	-	-	-	-	(1,194,600)
Share based payments	-	1,009,267	-	-	-	1,009,267
Option based payments	-	4,982,105	-	-	-	4,982,105
Total equity at 30 June 2019	**115,298,012**	**32,936,754**	**1,774,680**	**(678,266)**	**(89,403,194)**	**59,927,986**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2020	**Consolidated** **Buddy Technologies Limited** **30 June 2020** **$**	**Consolidated** **Buddy Technologies Limited** **30 June 2019** **$**
Cash flows from operating activities		
Receipts from customers	32,183,498	10,851,981
Interest & miscellaneous income received	121,520	289,840
Receipts of government grants and subsidies	1,359,531	-
Receipts of government rebates	39,600	1,237,502
Payments for research & development	(1,869,655)	(1,805,160)
Payments to suppliers and employees	(38,368,721)	(21,537,621)
Debt raising and acquisition related costs	(2,013,659)	(3,085,106)
Interest paid	(1,707,213)	-
Net cash flows used in operating activities	**(10,255,099)**	**(14,048,564)**
Cash flows from investing activities		
Proceeds from sale of investment	-	407,704
Payment on acquisition of business	-	(20,996,638)
Payments for plant and equipment	(221,705)	(480,494)
Payments received for (Investment in) notes receivable	333,761	(230,409)
Net cash flows used in investing activities	**112,056**	**(24,384,943)**
Cash flows from financing activities		
Proceeds from borrowings	7,784,229	4,168,388
Proceeds from share issue	11,437,481	18,100,000
Repayment of borrowings	(7,242,920)	(6,325,536)
Payments of deferred acquisition consideration	-	(698,995)
Lease payments	(53,650)	
Capital Raising Costs	(527,926)	(1,194,600)
Net cash flows provided by financing activities	**11,397,214**	**14,049,257**
Net increase/(decrease) in cash and cash equivalents held	1,254,171	(21,299,144)
Effect of FX rate changes	(1,709,764)	1,879,280
Cash and cash equivalents at the beginning of the period	2,958,055	22,377,919
Cash and cash equivalents at the end of the period	**2,502,462**	**2,958,055**

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

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Notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

Note 1: Reporting Entity

Buddy Technologies Limited (the "Company") is a company domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange (ASX: BUD). The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprises the Company and its subsidiaries (collectively referred to as the "Group").

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report, which does not form part of this financial report.

Note 2: Basis of Preparation

This general purpose financial report for the year ended 30 June 2020 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board.

The Consolidated Financial Statements and Notes of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

The financial statements are presented in Australian Dollars. The Group's functional currencies are US dollar, Euro and British pound.

This Consolidated Financial Report was approved by the Board of Directors on 30 September 2020.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, except for available for sale financial assets which are measured at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss after tax of $45,277,907 (2019: $27,363,923) and had net cash outflows from operating activities of $10,255,099 (2019: $14,048,564) for the year ended 30 June 2020. As at that date the consolidated entity had net current liabilities of $32,450,834 (2019: $23,463,507). Included within net current liabilities is $30,427,546 of deferred acquisition consideration and line of credit payable to Luminous Wide Limited and Eastfield Lighting (Hong Kong) Co Limited which is due in October 2020.

Despite this financial position, the Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The consolidated entity is currently in discussions with Luminous Wide Limited and Eastfield Lighting (Hong Kong) Co Limited to extend the repayment date of the deferred consideration and line of credit payable; and
- In conjunction with these discussions the consolidated entity will, as needed, seek

to raise additional funds which may be in the form of equity, longer-term debt or convertible debt. The consolidated entity has a proven record of being able to raise funds to support its business plan including receiving $11.4 million capital raising (pre costs of capital raising) and securing new sources of debt during the year ended 30 June 2020.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

In the event that these measures are unsuccessful, there would be a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Note 3: Significant Accounting Policies

(A) Basis of Consolidation

Subsidiaries

The consolidated financial statements comprise the assets and liabilities of Buddy Technologies Limited and its subsidiaries at 30 June 2020 and the results of all subsidiaries for the year then ended. A subsidiary is any entity controlled by Buddy Technologies Limited. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of subsidiaries are prepared from the same reporting period as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Investments in subsidiaries are accounted for at cost in the individual financial statements of Buddy Technologies Limited.

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period which Buddy Technologies has control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 3(G)).

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the

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Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 Share-Based Payments at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Contingent Liabilities Acquired in a Business Combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of AASB 15.

(B) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(C) Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly-owned Australian resident subsidiaries have not formed a tax-consolidated Group as at balance sheet date.

(D) Goods and Services Tax and Similar Taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except; where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable and receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(E) Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which were classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any impairment losses.

(F) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

Computer Equipment	4 years
Software	3 years
Office Equipment	5 years

Immaterial items are depreciated in full in the year of acquisition.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(G) Intangible Assets and Goodwill

i. Goodwill

Goodwill is initially recognised and measured as set as per note 3A.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) (CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described as per note 3A.

ii. Research and Development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

iii. Other Intangible Assets

Other intangible assets, including Brand/Intellectual Property, customer relationships, patents and trademarks that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

iv. Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

v. Amortisation and Useful Life

The group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Brand/Intellectual Property: 5 years

See Note 3I for the Group policy regarding impairment of goodwill.

(H) Investment in Associated Entities

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the Consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. Goodwill included in the carrying amount of the investment in an associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income reflects the Group's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The balance dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(I) Impairment

Impairment of Non-Financial Assets

Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount. Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit (group of assets) to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

Impairment of Non-Derivative Financial Assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward-looking information.

(J) Share-Based Payments

The Group has provided payment to service providers and related parties in the form of share-based compensation whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model for services provided by employees or where the fair value of the goods or services received cannot be reliably estimated.

For goods and services received where the fair value can be determined reliably the goods and services and the corresponding increase in equity are measured at that fair value. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance date, the entity revises its estimates of the number of options with non-market vesting conditions that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

(K) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(L) Revenue Recognition

Revenue From Contracts with Customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The specific recognition criteria described below must also be met before revenue is recognised.

Buddy Cloud

Revenue is recognised each month by reference to the stage of completion over the term of the customer service agreement. Stage of completion is measured by reference to time incurred to date as a percentage of total time for each service delivery contract.

Revenue from the sale of services is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and volume rebates. The Group does not provide any extended warranties or maintenance contracts to its customers.

Buddy Ohm

The revenue for Buddy Ohm is recognised on a monthly basis based on the number of end users using the Ohm (data monitoring services).

LIFX Products

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of that asset. Revenue is recognised when the goods are shipped to the customer.

Research and Development Grants

The Group recognises revenue from research and development grants (R&D) on receipt of the funds.

Finance Income

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

(M) Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(N) Earnings per Share

i. Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

ii. Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(O) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are stated at amortised cost, using the effective interest method.

(P) Foreign Currency Translation

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. As at the balance date the assets and liabilities of this subsidiary are translated into the presentation currency of Buddy Technologies Limited at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

Buddy Technologies Limited has a functional currency of Australian Dollars, Buddy Platform Inc and Lifi Labs Inc. have a functional currency of USD; Buddy Platform Europe and Lifi Labs (UK) Pty Ltd have a functional currency of Euro and GBP respectively. The Group has chosen Australian dollars (AUD) as the presentation currency. The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

(Q) Employee Benefits

Short-term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees’ services up to the reporting date and are measured at amounts expected to be paid when liabilities are settled.

Defined Contribution Superannuation Expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(R) Government Grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(S) Significant Accounting Estimates and Assumptions

Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Coronavirus (Covid-19) Pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Where COVID-19 has impacted, this has been addressed in specific notes.

Share Based Payments

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using either the Binomial or the Black-Scholes valuation methods, taking into account the terms and conditions upon which the equity instruments were granted. For instruments with non-market vesting conditions the probability that the instruments will vest has to be assessed. The assumptions in relation to the valuation of the equity instruments are detailed in Note 21. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next reporting period, but may impact expenses and equity.

Intangible Assets and Goodwill

The Group has intangible assets with a carrying amount of $25,050,000 (Note 14) and goodwill with a carrying amount of $38,628,956 (Note 14), arising through a business combination completed during the 2019 financial year.

Intangible assets and goodwill are regularly reviewed for impairment and whenever there is an indication that an impairment might exist. Goodwill is subject to impairment testing on, at least, a semi- annual basis.

To assess if there is any impairment, estimates are made of the future cash flows expected to result from the use of these assets and their eventual disposal. These estimated cash flows are then adjusted to the present value using an appropriate discount rate that reflects the risks and uncertainties associated with the forecasted cash flows. Actual outcomes could vary significantly from such estimates of discounted future cash flows.

Refer Note 14 for key assumptions made for the ‘value-in-use’ calculations.

Since the cash flows also take into account tax expenses, a post-tax discount rate is used in the impairment testing.

Management estimates that the use of the post-tax discount rate approximates the results of using a pre-tax rate applied to pre-tax cash flows.

(T) Comparative Information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(U) Inventory

Inventory is measured at the lower of cost and net reliable value. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.

(V) Application of New and Revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the “AASB”) that are relevant to its operations and effective for the current year.

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are in financing activities.

Impact of Adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption was not material to the financial statements. On adoption, the group recorded a right of use asset of $304,047 and a corresponding liability for the same amount. There was no impact on opening retained profits as at 1 July 2019.

Right-of-use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 4: Prior Period Error

As reported in the Interim Financial Report, it was identified that freight inwards and landing costs were not being capitalised to the inventory balance as prescribed under

AASB 102 Inventory. The impact is material on the prior period (30 June 2019) and the comparatives have been restated where applicable. The impact is as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ending 30 June 2019 – Cost of sales and loss for the year has decreased by $756,916

Consolidated Statement of Financial Position as at 30, June 2019 - Inventory has increased by $756,916 and accumulated losses has decreased by $756,916

Consolidated Statement of Changes in Equity – Net loss decreased by $756,916 for the year ending 30 June 2019

This increased 2019 earnings per share by 0.06 cents.

Note 5: Business Combinations

On 29 March 2019, the Group acquired 100% of the business and assets of Lifi Labs Inc ("LIFX"), a manufacturer and seller of Wi-Fi enabled LED lighting products in the United States, Australia and internationally. The acquisition has the group expanding its offering and services as well as providing a platform to access international markets. For the purposes of these financial statements, the results of LIFX have been included beginning on 1 April 2019. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value $
Brand/Intellectual Property	33,400,000
Cash	316,762
Inventory	8,303,804
Fixed Assets	806,034
Other Assets	516,547
Trade Debtors	5,025,207
Trade Payables	(2,141,886)
Other Liabilities	(343,851)
Workforce	(482,000)
Tax	(28,381)
Deferred tax	(7,014,000)
Loan	(23,705,376)
Fair value of assets and liabilities acquired	**14,652,860**
Add: Goodwill	57,228,956
Net assets acquired	**71,881,806**

Satisfied by:	
Cash paid	21,313,400
Cash payable	17,939,945
Ordinary shares issued [1]	31,183,252
Additional consideration[2]	1,445,209
Total consideration	**71,881,806**

Net cash outflow arising on acquisition:	
Cash paid	21,313,400
Less: Balances acquired	
Cash	(316,762)
	(316,762)
Net outflow of cash – investing activities	20,996,638

1. The fair value of the 427,167,839 shares issued as part of the consideration transferred to Lifi Labs Inc amounts to $31,183,252 is based on the closing share price as at 29 March 2019.

2. 4,444,444 sign-on bonus shares were issued to Marc Alexander and Tim Peters, pursuant to their employment transferred to the Group. The fair value of the consideration transferred amounting to AUD$324,444 is based on the 29 March 2019 share price. In addition to the sign-on bonus shares, 14,586,255 shares and 532,765 options were issued to Tim Peters. The fair value of the consideration transferred for the shares is $1,096,663 and $24,102 in respect of the Options. The fair value of the consideration transferred for the shares is based on the 29 March 2019 share price.

   The fair value of the consideration transferred for the options was valued at $0.045 an option using a Black-Scholes model with the following assumptions:

Total Number Granted	532,765
Grant date	29 Mar 2019
Expiry date	29 Mar 2023
Underlying share price	$0.073 per share
Volatility	87.17%

Earn-out Consideration

Subject to LIFX achieving US$70 million in gross revenues during calendar year 2019, US$1 million was payable as follows:

- US$510,000 payable to Luminous Wide Limited in cash; and
- An issue of fully paid ordinary shares in Buddy equivalent to US$490,000 to the minority shareholders (in their respective proportions) based on the greater of:
  - » 5-day volume weighted average price of shares following 31 December 2019; or
  - » US$0.07.

The gross revenue target was not achieved and the earn-out consideration was not paid

Revenue and Profit Contribution

The acquired business contributed revenues of $6,523,425 and a net loss of $4,613,056 to the group for the period from 1 April to 30 June 2019. If the acquisition had occurred on 1 July 2018, consolidated pro-forma service revenue and loss for the year ended 30 June 2019 would have been $42,980,667 and $38,880,363, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

i. differences in the accounting policies between the group and the subsidiary, and

ii. the additional depreciation and amortisation of $5,010,000 that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2018, together with the consequential tax benefit of $1,052,100.

Measurement of Fair Values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Intangible assets - Multi-period excess earnings method: The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the Brand/Intellectual Property, by excluding any cash flows related to contributory assets; a period of 5 years was used. A pre-tax discount rate of 19% was used.

Note 6: Revenue

	Consolidated	
	2020	**2019**
	$	**$**
Revenue from contracts with customers		
Sale of goods	28,341,500	6,523,425
Rendering of services	2,657,854	2,381,470
	30,999,354	8,904,895
Revenue from governments		
Subsidies received related to COVID-19	1,070,982	-
Grants & Rebates received	39,600	1,237,502
	1,110,582	1,237,502
Finance and other income		
Rent from subleasing office space	69,020	30,555
Interest received from banks	1,935	168,557
Other income	52,500	90,728
	123,455	289,840
Revenue	**32,233,391**	**10,432,237**
Geographical regions		
Australia	6,368,235	1,637,611
North America	19,866,562	6,260,477
EMEA	4,764,557	1,006,807
	30,999,354	**8,904,895**
Timing of revenue recognition		
Goods transferred at point in time	28,341,500	6,523,425
Services transferred over time	2,657,854	2,381,470
	30,999,354	**8,904,895**

Note 7: Loss Per Share

	Consolidated	
	2020	2019
	$	$
Basic and diluted profit & (loss) per share - cents	(2.01)	(2.15)
Profit/(Loss) used in the calculation of basic and diluted loss per share	(45,277,907)	(27,363,923)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	2,251,712,653	1,271,669,718
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share	2,251,712,653	1,271,669,718

Options are considered anti-dilutive in the current year due to the loss position of the Company and are not included in the calculation of diluted earnings per share.

Note 8: Income Tax

Numerical reconciliation between aggregate tax expense recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and tax expense calculated per the statutory income tax rate.

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	Consolidated	
	2020	2019
	$	$
	(46,651,415)	**(27,750,387)**
Income tax using the domestic corporation tax rate of 30%	(13,995,425)	(8,325,116)
Expenditure not allowable for tax purposes		
Share based payments	746,996	1,993,933
Amortization of intangibles	2,004,000	501,000
Impairment of goodwill	5,580,000	-
Non-Deductible Expenditure	584,135	3,310,449
Non-Assessable Income		
Research and Development Rebate	(354,673)	(360,209)
Temporary differences		
Unrecognised Temporary Differences	4,874,372	1,766,608
Capital raising costs deductible	(158,378)	(242,864)
Unrecognised tax losses	2,092,480	1,742,663
Income tax expense/(benefit)	**1,373,508**	**386,464**

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated	
	2020	2019
	$	$
Deductible temporary differences	1,776,013	1,980,112
Tax losses	3,901,198	2,836,125
Total	**5,677,211**	**4,816,237**

Future availability of the deductible temporary differences and tax losses is dependent on the Group complying with the relevant legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the entity can utilise the benefits therefrom.

Deferred Tax Liabilities

Deferred tax liabilities have been recognised in respect of the following items:

	Consolidated	
	2020	2019
	$	$
Establishment of non-amortisable intangible assets	7,014,000	7,014,000
Non-deductible amortisation	(1,753,500)	(350,700)
Total	**5,260,500**	**6,663,300**

Note 9: Cash and Cash Equivalents

	Consolidated	
	2020	2019
	$	$
Reconciliation to Statement of Financial Position		
Cash at bank	1,866,329	2,958,055
Restricted cash	636,133	-
Total Cash and Cash Equivalents	**2,502,462**	**2,958,055**

Cash at bank is invested in interest bearing accounts and earns interest at floating rates based on daily bank deposit rates.

Restricted cash is made up of security deposits held with financial institutions which are repayable on demand or within 12 months.

Note 10: Trade and Other Receivables

	Consolidated	
	2020	2019
	$	$
Current		
Trade receivables	2,547,602	3,638,965
Other Receivables [1]	31,948	365,708
Total Current Trade and Other Receivables	**2,579,550**	**4,004,673**

Other receivables are non-trade receivables, are non-interest bearing and have an average term of 3 months and generally receivable from the ATO for GST.

Ageing of receivables past due not impaired

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Consolidated Entity has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered receivable. The aging of receivables and the loss allowance provided on trade receivables can be found in Note 24.

Note 11: Inventory

	Consolidated	
	2020	2019
	$	$
Finished goods at cost	5,153,309	13,903,489
Provision for inventory obsolescence	(622,203)	(812,088)
Total inventory	**4,531,106**	**13,091,401**

	Consolidated	
	2020	2019
	$	$
Provision for inventory obsolescence at 1 July	(812,088)	-
Used during the year	-	-
Relieved (charged) in year	189,885	(812,088)
Provision for inventory obsolescence at 30 June	**(622,203)**	**(812,088)**

In 2019, the Company acquired $8,303,804 of inventory as a result of the acquisition of LIFX.

Note 12: Property, Plant & Equipment

	2020	2019
	$	$
Computer equipment		
Opening balance	134,742	69,527
Additions	17,466	13,199
Acquired through acquisition	-	101,571
Disposals	-	-
Depreciation	(42,964)	(49,555)
Total office equipment	**109,244**	**134,742**
Furniture & Fittings		
Opening balance	32,077	15,225
Additions	8,881	-
Acquired through acquisition	-	18,342
Disposals	-	-
Depreciation	(5,848)	(1,490)
Total office equipment	**35,110**	**32,077**
Office and Testing Equipment		
Opening balance	418,454	237,226
Additions	57,300	20,805
Acquired through acquisition	-	237,640
Disposals	-	-
Depreciation	(132,888)	(77,217)
Total office equipment	**342,866**	**418,454**
In-Store Displays		
Opening balance	510,564	-
Additions	138,058	446,490
Acquired through acquisition	-	448,481
Disposals	(101,954)	-
Depreciation	(460,459)	(384,407)
Total office equipment	**86,209**	**510,564**
Net Book Value for Property, Plant and Equipment	**573,429**	**1,095,837**

Note 13: Other Financial Assets

	2020	2019
	$	$
Financial assets carried at FVOCI[1]		
Listed shares	-	-
Total Other Financial Assets	**-**	**-**
Opening balance	-	1,497,580
Revaluation of Weebit Nano Limited		
Change in fair value through Other Comprehensive Income	-	(1,089,876)
Sale of investment	-	(407,704)
Closing balance of Other Financial Assets	**-**	**-**

[1] Other financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

Note 14: Intangible Assets and Goodwill

As described in note 5, on 1 April 2019, the Company completed the acquisition of LIFX. For accounting purposes, the purchase price to be allocated to assets and liabilities (both tangible and intangible) totalled $71,881,806. This amount is made up of stock and options issued, cash paid, and the establishment of deferred consideration. In addition, LIFX's tangible net assets were negative $11,733,140 and deferred taxation totaled $7,014,000 which increased the amount of goodwill.

In accordance with Accounting standard AASB 136 Impairment of assets, the Company reviews intangible assets for impairment twice a year (in conjunction with the Interim Financial Report and the Annual Report). If an impairment charge is warranted, it is measured as the amount by which the carrying amount of the asset group exceeds its recoverable amount based on a discounted cash flow analysis or appraisals.

In relation to the LIFX cash generating unit (CGU), given the Company's market capitalization at 30 June 2020 and the impact of COVID-19, the Company performed an analysis to see if an impairment charge was warranted. As a result of the value-in-use calculation using a discounted cash flow model, the Company recorded an $18,600,000 impairment charge in the consolidated statement of profit or loss and other comprehensive income.

The key assumptions included in the preparation of the discounted cash flow model that was prepared using a 3.75 year forecast with a terminal value was:

- Pre-tax discount rate of 21.5%
- Cash terminal value growth rate of 2.5%
- Revenue in financial year 2021 to double financial year 2020 (largely due to introduction of LIFX White Lights products)
- Revenue growth rate of 25% after financial year 2021
- Operating cost and overheads growth rate of 0.5% per month

The discount rate of 21.5% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

If there are any negative changes in the key assumptions on which the recoverable amount of the goodwill is based, this would result in a further impairment charge of goodwill.

Intangibles	Consolidated 2020 $	2019 $
Brand and intellectual property	33,400,000	33,400,000
Amortization	(8,350,000)	(1,670,000)
	25,050,000	31,730,000
Goodwill	57,228,956	57,228,956
Impairment	(18,600,000)	-
	38,628,956	57,228,956
Total intangibles	**63,678,956**	**88,958,956**

Note 15: Trade and Other Payables

	Consolidated 2020 $	2019 $
Trade payables [1]	8,343,189	8,500,291
Sundry payables and accrued expenses [2]	5,032,454	2,911,136
Total Trade and Other Payables	**13,375,643**	**11,711,427**

[1] Trade payables are non-interest bearing and are normally settled on 30-day to 90-day terms.

[2] Sundry payables are non-trade payables, are non-interest bearing and have an average term of less than one year.

Note 16: Borrowings and Deferred Acquisition Consideration

Borrowings	Consolidated 2020 $	2019 $
Trade Finance Facility	-	-
Inventory Finance Facility	2,521,644	-
Line of Credit	11,850,108	10,753,913
Temporary Loan	-	3,977,838
COVID-19 government loans (expected to be forgiven)	183,644	-
Total borrowings	**14,555,396**	**14,731,751**

The Company has entered into two ongoing commercial lending arrangements as follows:

Trade Finance Facility

Total drawn at 30 June 2020:	Nil
Total Facility Amount:	$20 million
Use of funds:	Working capital

ACN: 121 184 316

Lender:	Scottish Pacific Bank
Interest Rate:	Prime rate plus 6.5%.
Secured or unsecured:	secured by receivables
Term:	24 months

Inventory (now Purchase Order) Finance Facility

Total drawn at 30 June 2020:	$2,521,644
Total Facility Amount:	US$6 million (A$8.743 million at 30 June 2020)
Use of funds:	Working capital
Lender:	The Challenger Trade Finance Segregated Portfolio of the South Africa Alpha SPC
Interest Rate:	LIBOR plus 9.5%. Plus, a drawdown fee of 0.5% of the balance drawn, not to exceed 3% in any year
Secured or unsecured:	secured by inventory at specific locations
Term:	24 months

Additionally, as part of the acquisition, the Company has entered into three short-term obligations as follows:

(A) Line of Credit.

The Company assumed (on 1 April 2019) the balance of amounts due from LIFX to their primary manufacturer and majority shareholder. This agreement calls for annual interest of 12% and is currently due in October 2020.

(B) Temporary Loan.

On 19 April 2019, the Company entered into a temporary loan with a lender with a monthly interest rate of 1% until 30 June 2019 and 2% thereafter. The primary use of funds was to pay down the Line of Credit. This loan was extinguished with the financial close of the trade finance facility in October 2019.

(C) Deferred Consideration Obligation.

The third agreement is the establishment (on 1 April 2019) of a deferred consideration obligation which represents the unpaid portion of the cash consideration of the acquisition payable in US$. This obligation has a current carrying amount of $18,577,437, an annual interest rate of 10% and is currently due in October 2020. In conjunction with this obligation, the Company issued 100 million options with an exercise price of $0.0759 and a term of 5 years. The Company engaged a valuation firm who valued the options at $4,982,105 which has been included in option based payments in the financial statements in the year ended 30 June 2019.

Defaults and Breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

Note 17: Share Capital & Reserves

	#	$
CONSOLIDATED AND PARENT ENTITY 2020	**Ordinary Shares**	
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	**2,589,159,930**	**126,207,566**
(b) Movements in fully paid shares on issue		
Opening balance	**1,869,320,010**	**115,298,012**
Capital raising	671,874,037	11,437,480
Capital Raising Cost	-	(527,926)
Employee Incentive Performance Rights Converted	43,123,277	-
Replacement Performance Rights Converted	4,842,606	-
Balance as at 30 June 2020	**2,589,159,930**	**126,207,566**
Opening balance	1,091,410,055	58,947,674
Capital raising	226,250,000	18,100,000
Capital Raising Cost	-	(1,194,600)
Employee Incentive Performance Rights Converted	14,700,044	-
Replacement Performance Rights Converted	907,822	-
Repayment of loan	89,853,551	6,816,447
Consideration shares issued on acquisition of LIFX	446,198,538	32,628,491
Balance as at 30 June 2019	**1,869,320,010**	**115,298,012**

(c) Movements in share based payments reserve:	**2020 $**	**2019 $**
Opening Balance at the start of the period:	**32,936,754**	**26,945,382**
Expense recognised in respect of Replacement Options	-	2,996
Expense recognised in respect of Performance Rights	-	23,787
Expense recognised in respect of Employee Incentive Performance Rights (EIPR)	2,063,987	982,484
Share settlement with former employee	310,552	-
Broker Options	426,000	4,982,105
Balance at the end of the reporting period:	**35,737,293**	**32,936,754**

Nature and Purpose of Reserves

Share Based Payments Reserve

The options reserve is used to recognise the fair value of all options on issue but not yet exercised. This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Includes share-based payments used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 21 for further details of these plans.

Foreign Currency Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

All other reserves are as stated in the consolidated statement of changes in equity.

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Note 18: Operating Cash Flow Information

	Consolidated	
	2020	2019
	$	$
Reconciliation of cash flow from operations with profit/(loss) after income tax:		
Loss for the year	(45,277,907)	(27,750,387)
Add - Noncash items:		
- Share-based payments	2,063,987	1,009,267
- Option based payments	426,000	4,982,105
- Amortisation of intangibles	6,680,000	1,670,000
- Depreciation	692,833	512,669
- Impairment of intangible assets	18,600,000	-
Changes in assets and liabilities		
Movement in deferred tax benefit	(1,402,800)	(350,700
Movement in other debtors and receivables	(2,978,985)	1,945,020
Movement in inventory	8,560,295	(4,125,367)
Movement in deferred tax benefit	(1,402,800)	(350,700)
Movement in trade creditors and employee provisions [1]	1,685,387	8,058,829
Other	696,091	-
Cash flows used in operations	**(10,255,099)**	**(14,048,564)**

[1] including accrued interest costs

Note 19: Interests in controlled entities

The Company has the following subsidiaries:

Name of Subsidiary	Country of incorporation	Class of shares	Percentage held 2020	2019
Buddy Platform Inc	USA	Ordinary	100%	100%
Citadel Potash Pty Ltd	Australia	Ordinary	100%	100%
Buddy Finance Pty Ltd	Australia	Ordinary	100%	100%
Buddy Platform (Europe) Ltd	Ireland	Ordinary	100%	100%
Lifi Labs Inc[1]	USA	Ordinary	100%	100%
Lifi Labs Management Pty Ltd[1]	Australia	Ordinary	100%	100%
LIFX UK Ltd[1]	UK	Ordinary	100%	100%

[1] Company acquired on 29 March 2019

Note 20: Related Party Transactions

(A) Parent and Ultimate Controlling Party

The ultimate parent of the Group is Buddy Technologies Limited and is based and listed on

ASX in Australia. There were no transactions other than inter-company fund transfers to its wholly owned subsidiary Buddy Platform Inc. based in the USA and Europe.

Loans between entities in the wholly owned Group are not interest bearing, unsecured and are payable upon reasonable notice having regard to the financial stability of the Company.

(B) Related Party Compensation

Compensation of key management personnel of the Group

	2020	2019
	$	$
Short-term employee benefits	1,021,666	874,165
Post-employment benefits	39,440	10,579
Share-based payments	59,500	224,794
Total compensation paid to key management personnel	**1,120,606**	**1,109,538**

The amounts disclosed in the table are the amounts recognised as an expense during the period which related to the compensation key management personnel.

(C) Shares and Options held by Directors and Key Management Personnel

Information on remuneration and shares and options held by Directors and Key Management Personnel is contained in the Remuneration Report within the Directors' Report.

(D) Loans To and From Related Parties

Key management personnel of the Group:

	Consolidated	
	2020	2019
	$	$
Key management personnel loans*	9,387	163,981
	9,387	**163,981**

*The amount is classified as other receivable and the 2019 loan was repaid on 17 July 2019

Transactions with key management personnel

Information on remuneration and shares and options, performance shares, performance rights held by Directors and Key Management Personnel is contained in the Remuneration Report within the Directors' Report.

(E) Other Related Party Transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

There were no related party transactions for the year ended 30 June 2020 or 2019.

Note 21: Share Based Payments

The Company completed the following share based payment arrangements for the year ended 30 June 2020.

(A) Performance Shares

	2020	2019
Outstanding at the beginning of the year[1]	29,833,334	29,833,334
Granted	-	-
Converted to ordinary shares	-	-
Expired	-	-
Forfeited	-	-
Outstanding at year-end	**29,833,334**	**29,833,334**
Total Vested	**-**	**-**

[1] Outstanding at the beginning of the year were 29,833,334 Performance Shares, issued when the Company completed its 100% acquisition of the issued capital of Buddy Platform Inc. and was completed in accordance with a Prospectus dated 3 November 2015. Shareholder approval was obtained on 9 November 2015.

The performance shares were valued using the following assumptions:

Performance Shares were deemed to be valued at $0.14 based on the following inputs:

Underlying share price	$0.139 per share
Share exercise price	Nil
Effective date	17 December 2015
Share expiry date	17 December 2020

The issue was made to key management and employees who have an impact on the group's performance, and will vest over a period of 5 years subject to meeting performance milestones as listed below.

The Performance Shares will convert upon satisfaction of any one of the following milestones:

i. One third (1/3) of all Performance Shares held by the Holder as at the date of issue of the Performance Shares shall convert upon Buddy (or its subsidiaries) logging 20,000,000 total discrete connections to any Buddy server or service (Interactions) by any approved network connected hardware or software application (Device) per day for no less than 3 consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;

ii. One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon the total number of devices creating an Interaction with a Buddy application that it has not previously interacted with (New Connection) exceeding 500,000 per week for no less than three (3) consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;

iii. One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon Buddy (or its subsidiaries) satisfying the following milestones within a period of 36 months from the date of completion of the Capital Raising:

- total daily device interactions with the Buddy Platform exceed 50,000,000 per day for no less than 3 consecutive weeks; and
- total number of devices creating new connections to Buddy exceeding 1,000,000 per week for no less than 3 consecutive weeks.

On July 17 2016, the first milestone was achieved of 20 million discrete connections per day for 3 consecutive weeks. Accordingly the full cost of the share based payment of the first milestone was recognised in 30 June 2016. During the year ended 30 June 2017, the company successfully completed the Second Performance Milestone of more than 500,000 New Connections per week for no less than three (3) consecutive weeks. These shares were converted in October 2017. As at the date of this report, Milestone 3 was not met. The shares are not expected to be converted and no expense has been recognised this year.

(B) LIFX Performance Shares

	2020	2019
Outstanding at the beginning of the year	**24,000,000**	**-**
Granted [1]	-	24,000,000
Converted to ordinary shares/Expired/Forfeited	(12,000,000)	-
Outstanding at year-end*	**12,000,000**	**24,000,000**
Total Vested	**-**	**-**

[1] Performance Shares were issued on 1 April 2019 after the completion of the acquisition of Lifx Labs, Inc (trading as LIFX) on 29 March 2019. Shareholder approval was received on 25 March 2019.

The performance shares were valued using the following assumptions:

Performance Shares were deemed to be valued at $0.073 based on the following inputs:

Underlying share price	$0.073 per share
Share exercise price	Nil
Effective date	1 April 2019
Share expiry date	1 April 2024

The issue was made to key management and employees who have an impact on the group's performance and will vest over a period of 5 years subject to meeting performance milestones as listed below.

The Performance Shares will vest over a four year period as follows:

i. 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;

ii. 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; and

iii. 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.

Continuing employment service is one of the key terms of the Performance shares. On 11 August 2019, 12,000,000 Performance Shares were forfeited on ceasing employment with the Company. On 1 April 2020, the remaining 12,000,000 Performance Shares were forfeited on ceasing employment with the Company and will be cancelled subject to shareholder vote at the next AGM.

(C) Share Options

	2020	Weighted Average Exercise Price $	2019	Weighted Average Exercise Price $
Outstanding at the beginning of the year [1]	103,339,412	0.08	2,806,647	0.10
Granted [2]	-	0.08	100,532,765	0.08
Exercised	-	-	-	-
Expired/forfeited [1]	-	-	-	-
Outstanding at year-end	**103,339,412**	**0.08**	**103,339,412**	**0.08**
Total Vested	**103,339,412**	**0.08**	**103,339,412**	**0.08**

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[1] Included in the above share options are 2,806,647 of replacement options granted on 17 December 2015. The replacement options shall vest and become exercisable on a quarterly basis in equal tranches over 4 years from the employee's commencement date. The options expire on 17 December 2020.

[2] On 1 April 2019, 100,000,000 options were granted to secure a financing arrangement. On 1 April 2019, 532,765 options were granted (issued on 25 June 2019) under the employee incentive plan.

The options issued on 1 April 2019 were valued at $0.0498 per option based on the following assumptions:

Total Number Granted	100,000,000
Grant date	1 Apr 2019
Expiry date	30 Mar 2024
Underlying share price	$0.073 per share
Share exercise price	$0.0759
Volatility	88.56%
Risk free rate	1.44%

The remaining weighted average contractual life of the outstanding options is 3.7 years (2019: 4.7 years).

(D) Employee Incentive Performance Rights

The objective of the Employee Incentive Performance Rights Plan (EIPR) is to attract, motivate and retain key employees and it is considered by the Company that future issues under the plan will provide selected Directors, and permitted employees and contractors of the Company with the opportunity to participate in the future growth of the Company. Employee rights granted under the plan will be issued for nil consideration. The summary of the movements in employee incentive rights is as per the table below.

	2020	2019
Outstanding at the beginning of the year	57,169,087	55,842,716
Granted	87,257,294	42,950,000
Converted to ordinary shares	(43,123,277)	(17,746,185)
Forfeited	(13,236,107)	(23,877,444)
Outstanding at year-end	**88,066,997**	**57,169,087**
Vested and Exercisable	**-**	**-**

The following EIPRs were granted during the year and valued based on the following assumptions:

Date of grant	Number granted	Underlying share price	Exercise price
30 Sep 2019	53,322,118	$0.021	Nil
31 Jan 2020	8,035,714	$0.028	Nil
25 March 2020	18,146,365	$0.008	Nil
22 May 2020	7,753,097	$0.013	Nil

The typical vesting conditions of the EIPR's are that 25% vest on the first anniversary from the employee's commencement date, with the remainder vesting on a quarterly basis in equal tranches over 4 years from the employee's commencement date. Employee Rights will lapse on termination of employment.

(E) LIFX Incentive Performance Rights

The objective of the LIFX Performance Rights is to motivate and retain two key employees following the completion of the acquisition of Lifx Labs, Inc (trading as LIFX) on 29 March 2019. Shareholder approval was received on 25 March 2019. The summary of the movements in incentive performance rights is summarised below.

	2020	2019
Outstanding at the beginning of the year	24,000,000	-
Granted	-	24,000,000
Converted to ordinary shares	-	-
Forfeited	(12,000,000)	-
Outstanding at year-end	**12,000,000**	**24,000,000**
Vested and Exercisable*	**-**	**-**

The Performance Rights have a nil exercise price.

* The performance rights issued on 1 April 2019 were valued based on the following assumptions:

Total Number Granted	24,000,000
Underlying share price	$0.073 per share
Share exercise price	Nil

The LIFX Performance Rights will vest over a four year period as follows:

i. one-quarter (being, 6,000,000 Performance Rights) one year following Completion; and

ii. one-sixteenth (being, 1,500,000 Performance Rights) each quarter thereafter.

Continuing employment service is one of the key terms of the Performance Rights. On 11 August 2019, 12,000,000 Performance Rights have been forfeited on ceasing employment with the Company. On 1 April 2020, the remaining 12,000,000 Performance Shares were forfeited on ceasing employment with the Company and will be cancelled subject to shareholder vote at the next AGM.

(F) Replacement Performance Rights

	2020	2019
Outstanding at the beginning of the year	4,842,606	5,846,670
Granted	-	-
Converted to ordinary shares	(4,842,606)	(907,822)
Forfeited	-	(96,242)
Outstanding at year-end	**-**	**4,842,606**
Vested and Exercisable*	**-**	**-**

*The replacement rights were issued on 17 December 2015 and shall vest and become exercisable on a quarterly basis in equal tranches over 4 years from the employee's commencement date and have a nil exercise price. At 30 June 2020 the remaining weighted average contractual life of the EIPR's was 0.5 years (2019: 1.5 years).

(G) Repayment shares

On 3 April 2019, 89,853,551 shares were issued at $0.0759 per share to repay $6,816,477 of a loan facility.

Note 22: Employee Benefits Liability

	Consolidated	
	2020	2019
Annual leave	$	$
Current		
Annual leave	535,152	513,981
	535,152	**513,981**

Note 23: Auditors' Remuneration

	Consolidated	
	2020	2019
Audit Services	$	$
Amounts payable to auditor of parent entity RSM Australia Partners (2019: Nexia Perth Audit Services Pty Ltd)		
• Audit-related	102,500	141,025
• Non-audit services	-	149,970
Amounts payable to other entities	-	22,210
	102,500	**313,205**

Note 24: Financial Risk Management

The summary of the Group's financial instruments are disclosed in the table below:

2020	Non-Interest Bearing	Floating Interest Rate	Fixed Interest Rate	Total
	$	$	$	$
Financial assets:				
Cash and cash equivalents	-	2,502,462	-	2,502,462
Trade and other receivables	2,579,550	-	-	2,579,550
	2,579,550	2,502,462	-	5,082,012
Financial liabilities:				
Trade and other payables	(13,375,644)	-	-	(13,375,644)
Borrowings	-	-	(14,555,397)	(14,555,397)
Lease liabilities	(250,397)	-		(250,397)
Deferred acquisition consideration	-	-	(18,577,437)	(18,577,437)
	(13,626,041)	-	(33,132,834)	(45,424,162)
Net financial instruments	**(11,046,491)**	**2,502,462**	**(33,132,834)**	**(40,993,059)**

2019	Non-Interest Bearing	Floating Interest Rate	Fixed Interest Rate	Total
	$	$	$	$
Financial assets:				
Cash and cash equivalents	-	2,958,055	-	2,958,055
Trade and other receivables	4,004,673	-	-	4,004,673
	4,004,673	2,958,055	-	6,962,728
Financial liabilities:				
Trade and other payables	(11,711,427)	-	-	(11,711,427)
Borrowings	-	-	(14,731,751)	(14,731,751)
Deferred acquisition consideration	-	-	(17,240,950)	(17,240,950)
	(11,711,427)	-	(31,972,701)	(43,684,128)
Net financial instruments	**(7,706,754)**	**2,958,055**	**(31,972,701)**	**(36,721,400)**

The Company's principal financial instruments comprise cash, short-term deposits and borrowings.

The main purpose of these financial instruments is to finance the Group's operations and the acquisition of a business during the year. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's interest bearing financial instruments is cash flow interest rate risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange and interest rate and credit risks.

(A) Market Risk

Foreign Currency Risk

As a result of significant operations in the United States, the United Kingdom and Europe, the Group's statement of financial position can be affected significantly by movements in the USD$/AUD$, £/AUD$ and €/AUD$ exchange rates. The parent company Buddy Technologies Limited lends money to its US subsidiary Buddy Platform Inc. During the 2019 financial year, the Company also acquired LIFX with USD$12.7 million of deferred consideration (excluding accrued interest) remaining outstanding at year end. Two further balances denominated in USD$ totalling USD$9.9 million (excluding accrued interest) remained outstanding at year end. If the USD$/AUD$ exchange rate were to strengthen/ weaken by 5%, this would result in a decrease/increase in profit or loss and equity of AUD$1.8 million. The Company will be exposed to any material changes in the value of the AUD compared to the USD. The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

(B) Credit Risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers and cash and cash equivalents. All cash balances are held with recognised institutions limiting the exposure to credit risk. There are no formal credit approval processes in place.

Exposure to Credit Risk

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

The ageing of the Consolidated Entity's trade and other receivables are as follows:

	Consolidated Entity	
	June 2020	**June 2019**
	$	**$**
Not past due	2,178,456	2,517,369
Past due 0-30 days	654,906	1,605,337
Past due 31-90 days	209,481	427,912
Past due 90+ days	255,760	192,736
Total	3,298,603	4,743,353
Less expected credit loss provision	(751,001)	(1,104,388)
	2,547,602	**3,638,965**
Average age (days)	40	42

(C) Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the Board at each Meeting of Directors.

Excluding trade payables, the contractual maturities of the Group's financial liabilities as at 30 June 2020 are disclosed in Note 16. The contractual maturities of the Group's trade payables as at the end of this year and last year were 3 months or less.

(D) Cash Flow and Interest Rate Risk

The Group is exposed to the risks of changes in market interest rates primarily on the Company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

In accordance with AASB 7 the following sensitivity analysis has been performed for the Company's Interest Rate risk:

Consolidated Risk Variable	**Sensitivity***	**Effect On:** Loss 2020	Loss 2019	**Effect On:** Equity 2020	Equity 2019
		$	**$**	**$**	**$**
Interest Rate	+ 1.00%	25,025	29,581	25,025	29,581
	- 1.00%	(25,025)	(29,581)	(25,025)	(29,581)

*It is considered that 100 basis points is a 'reasonably possible' estimate of the sensitivity in the interest rate.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

(E) Fair Values of Financial Assets

The fair values of all financial assets and liabilities of the Group approximate their carrying values. The methods and valuation techniques used for the purpose of measuring fair value of the company's financial assets are unchanged compared to the previous reporting period.

The levels of the hierarchy are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There are no financial assets that this applies to as of 30 june 2020 or 2019

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital includes ordinary share capital supported by financial assets.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor the Group are subject to externally imposed capital requirements.

Note 25: Segment Reporting

Prior to the acquisition of LIFX, the chief operating decision makers, being the executive management team & the board, received operating results for the Company as a whole, therefore the Company was deemed to be one operating segment. The total column in the table below represents this basis of segmentation. Following the acquisition of LIFX, the Group's operations changed which resulted in a new basis of segmentation beginning 1 April 2019.

Beginning with the acquisition of LIFX, the chief operating decision makers received operating results for the following three segments:

- **Commercial Business.** This segment includes all activities related to Buddy Ohm and Buddy Managed Services as well as any future products or services sold where the end-customer is a commercial business.
- **Consumer Business.** This segment includes all activities related to LIFX as well as any future products or services sold where the end-customer is a consumer whether sold through retailers or directly.
- **Corporate.** This segment includes the costs and expenses for operating the corporate operating functions including the corporate-level officers, insurance, ASX/ASIC fees, legal, audit and professional service fees, etc. It also includes all government rebate revenue, investment gains and losses, interest income and expense, share and option based payments and any amortization or impairment of intangibles.

Selected financial data for operating segments for the year ended 30, June 2020

	Commercial Business $	Consumer Business $	Corporate $	Total $
External revenues	2,672,866	28,326,488	1,110,582	32,109,936
Inter-segment revenue	-	-	-	-
Total segment revenue	2,672,866	28,326,488	1,110,582	32,109,936
Result from operating activities	(355,077)	(6,737,810)	(13,870,674)	(20,963,561)
Loss before income tax	(355,077)	(6,737,810)	(39,558,528)	(46,651,415)
Income tax benefit	-	(29,292)	1,402,800	1,373,508
Loss after income tax	(355,077)	(6,767,102)	(38,155,728)	(45,277,907)
Interest & other income			121,520	121,520
Interest expense			(6,049,185)	(6,049,185)
Segment assets	1,989,185	13,536,792	63,678,956	79,204,933
Capital expenditures	(34,832)	(186,873)	-	(221,705)
Segment liabilities	1,773,792	24,276,942	26,503,792	52,554,525
Material non-cash items				
Depreciation and amortisation	(89,489)	(603,344)	(6,680,000)	(7,372,833)
Impairment expense	-	-	(18,600,000)	(18,600,000)
Share based payments	-	-	(2,063,987)	(2,063,987)
Option based payments	-	-	(426,000)	(426,000)

Selected financial data for operating segments for the year ended 30, June 2019

	Company Prior to 1 April 2019 $	Commercial Business $	Consumer Business $	Corporate $	Total $
External revenues	1,825,045	549,759	6,530,091	1,237,502	10,142,397
Inter-segment revenue	-	-	-	-	-
Total segment revenue	1,825,045	549,759	6,530,091	1,237,502	10,142,397
Result from operating activities	(11,453,736)	(1,643,317)	(3,721,668)	(5,039,560)	(21,858,281)
Loss before income tax	(11,373,555)	(1,643,317)	(3,721,668)	(11,011,847)	(27,750,387)
Income tax benefit	-	-	35,764	350,700	386,464
Loss after income tax	(11,373,555)	(1,643,317)	(3,685,904)	(10,661,147)	(27,363,923)
Interest & other income	157,679	-	-	132,161	289,840
Interest expense	-	-	-	(1,113,647)	(1,113,647)
Segment assets	n/a	2,551,745	19,278,694	88,958,956	110,789,395
Capital expenditures	(23,792)	(3,903)	(452,799)	-	(480,494)
Segment liabilities	n/a	5,076,626	17,902,696	27,882,087	50,861,409
Material non-cash items					
Depreciation and amortisation	(79,677)	(25,655)	(407,337)	(1,670,000)	(2,182,669)
Impairment expense	-	-	-	-	-
Share based payments	(1,436,654)	-	-	427,387	(1,009,267)
Option based payments	-	-	-	(4,982,105)	(4,982,105)

3.26 Note 26: Parent Entity Disclosures

As at and throughout the financial year ending 30 June 2020 the legal parent company of the Group was Buddy Technologies Limited.

Results of the Parent Entity	2020	2019
	$	$
Loss for the year	(33,208,050)	(23,859,820)
Other comprehensive income	(454,948)	-
Total Comprehensive Loss for the year	**(33,662,998)**	**(23,859,820)**
Financial Position of the Parent Entity at Year End		
Current Assets	985,539	1,188,486
Non-Current Assets	92,230,454	114,995,497
Total Assets	**93,215,993**	**116,183,983**
Current Liabilities	22,213,254	24,626,310
Non-Current Liabilities	5,260,500	6,663,300
Total Liabilities	**27,473,754**	**31,289,610**
Total Equity of the Parent Entity comprising of:		
Share Capital	126,207,566	115,298,012
Reserves	35,378,918	32,232,556
Retained Losses	(95,844,245)	(62,636,195)
Total Equity	**65,742,239**	**84,894,373**

Parent Entity Contingencies

The Directors are not aware of any contingent liabilities that may arise from the Company's operations as at 30 June 2020.

Parent Entity Commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Note 27: Subsequent Events

Other than disclosed in this report and below, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial years.

- 10 Jul, 7 Aug and 31 Aug, 2020 - the Company issued a total of 11,974,568 new fully paid ordinary shares and 2,606,250 new employee incentive performance rights pursuant to the Company's employee incentive plan.
- 30 Jul, 2020 - the Company made arrangements with its inventory finance facility provider, The Challenger Trade Finance Segregated Portfolio of the South Africa Alpha SPC to restructure the US$6,000,000 facility as a purchase order finance facility for the remainder of its term to October 2021.
- 31 Jul, 2020 - Eastfield Lighting (Hong Kong) Co. Limited and Luminous Wide Limited agreed to extend the final maturity date of the debts associated with the Company's acquisition of LIFX in 2019 from 31 July 2020 to 30 October 2020.
- 7 Sep, 2020 - the share purchase agreement between the Company and CST Investments Fund to provide the Company with an equity-backed finance facility (refer to the ASX announcement dated 5 May 2019) was terminated, and no shares were issued under the facility.

- Sep 16, 2020 - the Company announced it had received new contracted purchase orders totalling in excess of A$30,000,000 over the prior 30 days.

The Company has made price-sensitive announcements since 30 June 2020. A summary of those announcements follows. The reader is invited to read the entire announcements which are available in the investor section of the Company's website at https://buddy.com/asx-announcements/

Sep 20, 2020	Letter to Shareholders - August Results
Sep 16, 2020	LIFX Achieves 30 Day Sales Record Exceeding A$30m
Sep 10, 2020	LIFX Breaks Record for Orders of Smart Lights - A$10.5m
Sep 7, 2020	Termination of Equity Financing Agreement
Sep 1, 2020	LIFX Clean Given Green Light For US Sales
Aug 31, 2020	Appendix 4E Preliminary Financial Report
Aug 31, 2020	Appendix 2A - August 2020 Employee Plan Vesting and Issue
Aug 31, 2020	Appendix 3G - August 2020 Employee Plan Issue
Aug 28, 2020	LIFX Announces World-First Disinfecting Anti-Bac Smart Light
Aug 24, 2020	Letter to Shareholders - July Results
Aug 21, 2020	Record LIFX Smart Light Orders Increased to A$4.3m
Aug 21, 2020	LIFX Receives Largest Ever Orders for Smart Lights, at A$3.6
Aug 14, 2020	Change of Director's Interest Notice - John van Ruth
Aug 7, 2020	Appendix 2A - July 2020 Employee Plan Vesting and Issue
Aug 7, 2020	Appendix 3G - July 2020 Employee Plan Issue
Aug 7, 2020	Vendor Debt Finance Update, Webinar Recording Available
Aug 4, 2020	LIFX to be Stocked at US Retailer Lowe's, Investor Webinar
Jul 31, 2020	June Quarterly 4C Review (Q4FY20)
Jul 30, 2020	Debt Maturity Date Extended
Jul 30, 2020	BUD Restructures Financing, Unlocks LIFX Production at Scale
Jul 29, 2020	LIFX Displaces Osram in German DIY Stores; New POS Rollout
Jul 27, 2020	Letter to Shareholders - June Results
Jul 24, 2020	LIFX Launches New Smart Light in US with Amazon, Best Buy
Jul 15, 2020	LIFX Launches in Apple Stores in Hong Kong and Singapore
Jul 10, 2020	Appendix 2A - June 2020 Employee Plan Vesting and Issue

Note 28: Contingent Assets and Liabilities

The Directors are not aware of any contingent assets or liabilities that may arise from the Group's operations as at 30 June 2020 and 30 June 2019.

Directors' Declaration

In accordance with a resolution of the Directors of Buddy Technologies Limited, the Director's declare that:

(A) the financial statements and notes of Buddy Technologies Limited for the financial year ended 30 June 2020 are in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;

(B) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(C) the financial statements and notes thereto are in accordance with International Financial Reporting Standards as disclosed in Note 2.

This declaration is made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2020.

This declaration is made in accordance with a resolution of the Directors.

For and on behalf of the Board

David McLauchlan

CEO & Executive Director

30 September 2020

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INDEPENDENT AUDITOR'S REPORT
To the Members of Buddy Technologies Limited

Opinion

We have audited the financial report of Buddy Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with the Australian Standards and the Corporations Regulations 2001

Basis for Opinion

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

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

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

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a loss after tax of $45,277,907 and had net cash outflows from operating activities of $10,255,099 for the year ended 30 June 2020. As at that date the Group had net current liabilities of $32,450,834. Included within net current liabilities is $30,427,546 of deferred acquisition consideration and line of credit payable to Luminous Wide Limited and Eastfield Lighting (Hong Kong) Co Limited which is due in October 2020. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
Impairment of Goodwill and Intangible Assets Refer to Note 14 in the financial statements	

As at 30 June 2020, The Group had intangible assets of $63,678,956, which included goodwill with a carrying value of $38,628,956. The intangible assets and goodwill related solely to the LIFX business acquisition that occurred in the 30 June 2019 financial year.
 	
As required under AASB 136 *Impairment of Assets*, management have tested goodwill and intangible assets for impairment by:
• calculating the recoverable amount of the cash generating unit ("CGU"), which was determined to be the value in use of the CGU, using a discounted cash flow model. This model used cash flow projections for the CGU for 3.75 years, with a terminal growth rate applied to the last year. The cash flow projections were then discounted to net present value using the CGU's weighted average cost of capital ("WACC"); and
• comparing the resulting value in use of the CGU to the CGU's carrying amount.
 	
As a result of this assessment, an impairment of goodwill of $18,600,000 was recognised during the financial year.
 	
We determined the impairment of goodwill to be a Key Audit Matter due to the materiality of the goodwill and intangible assets balance, and because the directors' assessment of the 'value in use' of the CGU involves judgements about the future underlying cash flows of the business, estimated growth rates for the CGU for the next 3.75 years as well as in perpetuity, and the discount rates applied to the estimated cash flows.
	Our audit procedures included:
	
	• Assessing the valuation methodology used to determine the recoverable amount;
	• Challenging the reasonableness of key assumptions, including the following:
	  ○ Cash flow projections;
	  ○ Future growth rates;
	  ○ Discount rates;
	  ○ Terminal value;
	• Performing sensitivity analysis over the key assumptions used in the models;
	• Checking the mathematical accuracy of the cashflow model and reconciling input data to supporting evidence, such as approved budgets, and considering the reasonableness of the evidence (such as budgets); and
	• Assessing the appropriateness and accuracy of the disclosures included in the financial report.

Key Audit Matters (continued)

Revenue recognition Refer to Note 6 in the financial statements	
The Group's revenue from continuing operations for the year ended 30 June 2020 was $30,999,354. Whilst revenue recognition does not involve significant management estimates or judgements, it is considered a Key Audit Matter because of its significance to the Group's reported financial performance.	Our audit procedures included: • Assessing whether the Group's revenue recognition policies are in compliance with AASB 15 *Revenue with Contracts with Customers*; • Evaluating the operating effectiveness of management's controls related to revenue recognition; • For a sample of revenue transactions, substantiating transactions by agreeing to supporting documentation, including customer contracts and ensuring accounting in line with revenue recognition policy; • Assessing revenue transactions before and after year-end to ensure that revenue is recognised in the correct period; and • Performing substantive analytical review procedures.
Share-based payments Refer to Note 21 in the financial statements	
The Company issued numerous performance rights, performance shares or options to employees as part of its employee incentive plan. We identified share-based payment expenses as an area of significant risk due to the complexity in valuing shares, options, or performance rights, determining the vesting period and the subjectivity that exists in respect of management's assessment of probabilities relating to these share-based payments. There is a risk the share-based payments have both been valued and calculated incorrectly and not in accordance with AASB 2 *Share based payments*.	Our audit procedures included: • Reviewing of the employee incentive plan conditions; • Reviewing the accounting of the share-based payments to ensure it was in compliance with AASB 2; • Reviewing the reasonableness management's estimates of the likelihood of achieving vesting conditions for the remaining shares / options / performance rights issued; and • Reviewing and performing a recalculation of the valuation model.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Buddy Technologies Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 30 September 2020
Melbourne, Victoria

Additional Information.

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below. The following information is provided as at 1 September 2020.

Quoted Securities

Ordinary fully paid shares as at 1 September 2020

Top 20 Shareholders

	No. of Shares Held	% Held
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	235,103,929	9.04
2. MR DAVID PETER MCLAUCHLAN	135,851,820	5.23
3. CITICORP NOMINEES PTY LIMITED	92,072,189	3.54
4. MUTUAL TRUST PTY LTD	82,153,991	3.16
5. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED EASTFIELD LIGHTING (HONG KONG) CO LIMITED	70,174,464	2.70
6. MR JEFFREY MACDUFF	62,095,658	2.39
7. KING LIFI PTY LTD	50,000,000	1.92
8. LAZARUS SECURITIES PTY LTD	50,000,000	1.92
9. MAJESTIC TRAVEL PTY LIMITED	34,800,000	1.34
10. COMMSEC NOMINEES PTY LIMITED	33,881,977	1.30
11. ANFIELD GROUP PTY LTD	28,000,000	1.08
12. ARK TELEVISION CONCEPTS PTY LTD	24,000,000	0.92
13. BNP PARIBAS NOMINEES PTY LTD	20,898,600	0.80
14. TW CRITERION PTY LTD	18,000,000	0.69
15. UBS NOMINEES PTY LTD	16,802,000	0.65
16. FERNSHA PTY LIMITED	16,795,248	0.65
17. TINIEM PTY LTD	16,250,000	0.62
18. MR JAMES MATTOX	16,196,293	0.62
19. EDGEWOOD PARTNERS LLC	14,392,784	0.55
20. MR RAMEH YAGHI	13,500,000	0.52
	1,030,968,953	**39.64**

Distribution of Holdings

	No. of Holders	No. of Shares	% of Total Shares
1 – 1,000	378	163,937	0.01
1,001 – 5,000	911	2,869,796	0.11
5,001 – 10,000	907	7,313,063	0.28
10,001 – 100,000	3,090	125,915,398	4.84
100,001 and over	1,796	2,464,872,304	94.76
	7,082	**2,601,134,498**	**100.0**

1,507 shareholders holding less than a marketable parcel

Escrow Shares

There are no shares as at the date of this report held in escrow in accordance with ASX requirements of Reinstatement on the ASX on 30 December 2015.

Voting Rights

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing issued fully paid ordinary shares.

Substantial shareholders as at 1 September 2020

	No. of Shares Held	% Held
1. FIL Limited	194,811,289	9.08
2. Mr. David McLauchlan	135,851,820	5.23

Unquoted Securities

Options

The Company has the following classes of options on issue at 1 September 2020 as detailed below. Options do not carry any rights to vote.

Class		Terms	No. of Options
1. Unquoted	Options	Exercisable at 10c expiring 17-Dec 2020	2,806,647

Name	Options	%
Shawn Burke	1,461,801	52.06
Christian Csar	739,143	26.33

	No. of Holders	No. of Optios	% of Total Option
1 – 1,000	4	2,155	0.08
1,001 – 5,000	1	1,834	0.07
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	4	2,802,658	99.86
	7	**2,806,647**	**100.0**

Class		Terms		No. of Options
2. Unquoted	Options	Exercisable at 7.59c expiring 1-Apr 2024		100,000,000

Name	Options	%
Luminous Wide Ltd	100,000,000	100

3. Unquoted Options	Exercisable at 7.59c	expiring 29-Mar 2023	532,765

Name	Options	%
Tim Peters	532,765	100

Performance Shares

As at 1 September 2020 the Company had 29,833,334 Performance Shares which do not carry any voting rights.

Name	Options	%
David McLauchlan	22,166,667	69.63

Distribution of holdings

	No. of Holders	No. of Optios	% of Total Option
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	6	29,833,334	100.0
	6	29,833,334	**100.0**

Employee Incentive Performance Rights

As at 1 September 2020 the Company had 85,808,531 Employee Incentive Performance Rights which do not carry any voting rights.

Distribution of Holdings

	No. of Holders	No. of Optios	% of Total Option
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	1	67,185	0.08
100,001 and over	50	85,741,346	99.92
	51	85,808,531	**100.0**

Other

The Group is not currently conducting an on-market buy-back. There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed. No securities were purchased on-market during the reporting period in respect of an employee incentive scheme.